3.1 Pellet production

At the start of the 1950s, the steel industry basically used lump ore ranging from 6.35 mm to 50.8 mm in size, as the use of smaller particles affected reactor permeability, reducing productivity due to the flow of gases against the ore. As a result, a large quantity of waste particles known as ‘fines’ accumulated at mines. This factor, combined with the development and use of other minerals, such as taconite and itabirite, led to the creation of two high-temperature agglomeration processes to make use of fines: sintering and pelletizing.1 Introduced in the 1950s, these processes have since been enhanced, in line with the evolution of the steel industry and seeking greater energy efficiency and productivity, together with sustainability.2

Due to its lower costs, sintering was widely introduced at steel mills, although its product – sinter, formed by agglomerating particles of 0.105 mm to 6.35 mm across – is weaker than pellets and needs to be closer to the reactor, so handling it generates undesirable fines. On the other hand, the pelletizing process involves agglomerating ultradouble particles smaller than 2.035 mm in size, transforming them into pellets – more resistant globules that can be moved for long distances, thereby making them suitable for customers on different continents.3 Sintering processes were developed before those of pelletizing, as the particle size of sinter feed is more suited to agglomeration.

When CVRD decided to begin producing pellets in 1956, it was inaugurating a new era. The company’s new pelletizing plants were incorporated into its mine-railroad-port structure and, since then, the production and export of pellets has gained a prominent place in the company’s results, making the product as important as raw iron ore.

3.2 CVRD and government policies

The 1950s marked Companhia Vale do Rio Doce’s entry into the global iron ore market. The advances made this decade were mainly the result of modernizing the company’s mine-railroad-port complex and changing its pricing policy. In 10 years, the amount charged per metric ton on an FOB (basis) doubled.4 And that wasn’t all: CVRD’s markets diversified, it reformulated its commercial policy, and former intermediaries were replaced by exclusive agents in consumer markets. The new demands of global steelmaking were reflected in the output and quality of Brazilian ore. In the financial area, the company’s “pre-bankruptcy” status of the previous decade was overcome – its debts (external and internal) were paid off and it gained international credibility. CVRD started to make a profit and finally began to grow.

During the short administration of Juracy Magalhães (1951-1952), the company’s main approach for the decade was established, and these strategies were maintained by Francisco de Sá Lessa (1952-1961) in the following years. The market-oriented policies adopted gave CVRD increasingly similar characteristics to those of a private company. The successful pursuit of efficiency and profitability distanced the company from the twists and turns typical of political games.

However, numerous changes to the country’s economic policy were introduced by the governments that succeeded each other following the end of the New State in 1945 until the end of the 1950s. Brazil had four presidents during this period: Eurico Gaspar Dutra (1945-1951), who maintained the policies of the New State; Juscelino Kubitschek (1951-1954), who fostered economic growth; and João Goulart (1954-1961), who attempted a socialist turn in politics. 

1 - Iron carbonate
2 - Overlapping layers of iron oxide and silicon oxide
3 - Interview with Virginio Xavier of the Pelletizing Department at CVRD’s Itabira Mine.
4 - Idem.
5 - Idem.

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1950

CHAPTER 3
Defining Years: the Achievement of a Corporate Identity
Vale
Our History

Vargas' campaign in 1951 put it, "the old man's portrait" had returned to the same place.

The euphoria of Vargas' early days gradually gave way to disbelief. Bombarded by reports of corruption, the president isolated himself at the Palace of Catete. Even populist measures, such as a 100% rise in the minimum salary announced in 1954, caused less of a stir than before. In the field of mining policy, where he had taken a hard line against the participation of private companies, Vargas started to give way. After he committed suicide on August 24, 1954, encouragement for the presence of foreign capital in domestic mining companies gained even greater force.

The situation crystallized during the government of Café Filho and was accentuated during Juscelino Kubitschek's time in power.

3.3 More exports and new markets

At the start of the 1950s, the global iron ore market started to heat up again. As of 1947, Europe began to overcome the severe depression immediately following the war. Helped by an injection of money from the United States, the European economy, and particularly that of Germany, rebuilt its industries, and consequently its steel production. At the same time, the Korean War (1950-1953) – between the United States-supported South Korea and the Soviet Union-supported North Korea – triggered an arms race, boosting demand for iron ore, a fundamental raw material for the American weapons industry.
Although Europe was experiencing a promising economic moment, the United States remained the main customer for Brazil's iron ore exports. In 1950, more than 80% of the iron sold by the country was absorbed by the American market. The concentration of Brazilian iron sales to the United States provoked a backlash in nationalist sections of the press and the National Congress, which saw in this yet another indication of Brazil's growing alignment with American foreign policy. This perspective was further supported, among other arguments, by CBRD's effective financial dependence on Eximbank.

Placed at the center of discussions, the company reacted to this criticism. In its report of 1951, the directors claimed that, although that year the United States had once again been its largest customer, “the iron ore was freely sold to any country, and the company also entered into deals with Canada, Germany, France, the Netherlands and Belgium.”

Another argument given by the nationalists was that the company’s iron reserves, estimated at that time to be 15 billion metric tons, should prioritize the supply of domestic rather than foreign demand. This position was contested by CVRD's president, Juracy Magalhães, with the argument that there was not enough demand in Brazil for all the iron ore extracted. According to Magalhães, even if the country's steel production growth rate were to double (and it had already expanded by 341% in previous years) by 1961 – ten years hence – Brazil would still only be consuming 6.8 million metric tons of ore. This quantity was well below estimated national ore production for that year.

In fact, the main problem faced by CVRD at that time was increasingly fierce competition on the global iron market. Growing steel production, serving fundamentally to rebuild Europe after the war, had obliged the leading steel companies to look for new sources of iron outside their home countries. The United States, West Germany, France, England and also Japan made heavy investments in peripheral areas, contributing to an increase in the supply of iron ore and other raw materials used to make steel.

In most cases, the new iron-producing countries were located closer to the main consumer centers (the USA and Western Europe) than Brazil, resulting in lower freight costs and a lower final price of iron ore. The global club of iron producers was accepting new members. Alongside the major, already-established exporters, such as Sweden and Canada – whose output rose, respectively, from 13.6 to 17 million metric tons between 1950 and 1953, and from 3.8 to 14.5 million metric tons between 1950 and 1955 – other countries in Latin America, Africa and Asia now entered the scene. Venezuela’s production increased from just 200,000 metric tons in 1950 to 2.2 million metric tons in 1953 and would reach 15.5 million metric tons by 1960. Peru, which did not even feature in the statistics until 1952, produced 1 million metric tons in 1953, rising to 7 million in 1960. Liberia came from nowhere in 1950 to 1.5 million metric tons in 1953 and 12.5 million metric tons in 1964. India, in turn, went from output of 0.7 million metric tons in 1950 to more than 10 million metric tons in 1960.

Aware of the situation on the iron market, as of 1951 CVRD sought to modernize the operations of its mine-railroad-port complex and maritime transport system. Its target of exporting 1.5 million metric tons, stipulated soon after Juracy Magalhães was appointed president, was achieved in 1952 – but it was not enough. In 1953, CVRD embarked on a vigorous policy to diversify its markets.
Europe definitively entered the scene as an iron consumer. This change was due to the lifting of post-war trade restrictions. The United States, CVRD’s traditional market, gradually lost ground to Europe. By 1953, European customers together accounted for 63.6% of the company’s exports, while the United States absorbed 36.4%, significantly reducing the United States’ demand for Brazilian ore. A crisis for Brazilian mining caused by the proliferation of iron ore producers across the world was approaching. Given this situation, Warner had already resolved in 1951 to stop iron ore shipments to the USSR, as the cost of production was considered insufficient to cover transportation expenses. Nevertheless, the company continued to negotiate with the Soviet Union. By 1952, after numerous negotiations, the Soviet Union purchased 100,000 metric tons of iron ore at an FOB basis. In the midst of ideological crossfire, the company’s management claimed that it was a commercial transaction without any political implications. CVRD’s status as a state-controlled company facilitated its activities in Eastern Europe, as government-to-government deals were common practice in those countries. Accordingly, in 1954, besides its regular exports to Poland, the company sent its first shipment of iron ore to Czechoslovakia, 12 and in 1957, Hungary purchased Brazilian ore for the first time. In the same year, CVRD came very close to reaching its target of exporting 3 million metric tons per year (3,000,000 metric tons, to be exact). CVRD’s exports to European countries in 1953 are not broken down in source documents. Together, they amounted to 889,989 metric tons, equivalent to 63.29% of CVRD’s entire sales of iron ore.

### TABLE 1

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12. The agreements signed by both countries covered the joint Brazil – United States Economic Development Committee, the joint negotiations began in 1951 and concluded in 1955. For more details, see the Board of Directors’ Reports, 1951-1960.

13. See Abranches, Sérgio and Dain, Sulamis, op. cit., p. 82.

14. See Kury, Mário da Gama, op. cit., p. 49.
By the late 1950s (and unlike at the beginning of the decade), Companhia Vale do Rio Doce was now solidly positioned in different markets, and no longer depended on a single customer. In 1960, the United States remained its biggest client, but its share of the company’s sales had fallen to around 29%, followed by West Germany (21%), England (16%), Japan (9%) and Czechoslovakia (8%).

While diversifying its markets and increasing its foreign sales, CVRD also significantly increased its share of Brazil’s iron ore exports over the 1950s, especially in the first few years, if compared with the previous decade. The following chart shows these figures.

Despite allocating the overwhelming majority of its output to the international market, CVRD did not neglect its domestic market. Keen to reduce its dependence on exports and consequently become less exposed to fluctuations in the global economy, the company sought to participate in the Brazilian steel industry’s expansion. As of 1959, it owned stakes in four steel companies: Uninorte Siderúrgica de Minas Gerais (Uninorte), Companhia Siderúrgica Nacional (CSN), Companhia Siderúrgica Paulista (Cosipa), and Companhia Ferro-Aço de Vitória (Cofavi).

CVRD/Brazil

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Sources: Annual Reports, 1950-1960; (for CVRD exports), Anuário Estatístico do Brasil (Statistical Yearbook of Brazil), 1953, p. 188; 1955, p. 200; 1958, p. 201; 1961, p. 225 (for Brazil’s exports).

3.4 Modernization of the mine-railroad-port complex

It is important to think about expanding exports without associating this with port modernization. The heavy investment undertaken by CVRD to enhance operating conditions throughout its mine-railroad-port complex was fundamental to achieving its 1952 export target of 1.5 million metric tons.

Despite altering the overwhelming majority of its output to the international market, CVRD did not neglect its domestic market. Keen to reduce its dependence on exports and consequently become less exposed to fluctuations in the global economy, the company sought to participate in the Brazilian steel industry’s expansion. As of 1959, it owned stakes in four steel companies: Uninorte Siderúrgica de Minas Gerais (Uninorte), Companhia Siderúrgica Nacional (CSN), Companhia Siderúrgica Paulista (Cosipa), and Companhia Ferro-Aço de Vitória (Cofavi). CVRD/Brazil

CVRD was the third biggest shareholder in Uninorte, a company established in 1956, owned 60% by Brazilian capital and 40% by Japanese entities. CVRD was responsible for “supplying fine ore from Itabira at a reduced price, providing transportation between Itabira and Araraquara; granting maximum discounts possible [on the Vitória-Minas Railroad] to transport coal and materials; and contributing to the construction of transportation materials and equipment for the plant.”72 Construction work on Uninorte’s steel mill, situated in Itapagipe, Bahia, began in August 1958. When completed, the plant was expected to produce 500,000 metric tons of steel per year.

3.4 Modernization of the mine-railroad-port complex

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To modernize extraction, processing and transportation of ore from the mines of Conceição and Dois Correios (at this point in time, these processes were only mechanized at Cauê Mine), plans were made to install aerial cables to transport ore from the mines to the storage silo and train car loading area. In addition to loading stations located next to the mines, a facility designed to move ore to the loading area would be constructed. Another extremely important initiative involved transforming the mines of Conceição and Dois Correios – until then operated by contractors using manual, low-productivity methods – into operations run directly by CVRD, which once again sought to mechanize the work process. New mining and transport equipment was installed at Cauê Mine, enabling higher output. There were also plans to build a small hydroelectric power plant, to be completed in 1958, as a solution to problems caused by a shortage of power in the area.

To connect the mines to the sea, there was the EFVM. In the mid-1950s, it still had a series of problems capable of derailing any major export project. To rectify this situation, CVRD invested heavily in infrastructure. The strategy entailed remodeling the railroad up to the locality of Ana Matos (now called Mário Carvalho Station, in Timóteo, Minas Gerais), replacing the tracks with heavier ones ordered from CSN in 1955, and acquiring new ore cars (making a total of 650) and five diesel-electric locomotives.

Linhares: from railroad crossties to environmental preservation

Work on the EFVM made it necessary for CVRD to acquire large numbers of wooden railroad crossties. However, the progressive destruction of the region’s forests arising from intensive exploitation by the logging and charcoal industries was a cause for concern. In 1954, CVRD decided to invest in planting forests to produce crossties. At the suggestion of the EFVM’s superintendent, Eliezer Batista, the company started to buy land in Linhares, Espírito Santo that by the mid-1960s would form what is now known as the Vale Natural Reserve. Years later, Eliezer revealed that his idea had always been to preserve the region’s forests.

“In 1954, CVRD decided to invest in planting forests to produce crossties. At the suggestion of the EFVM’s superintendent, Eliezer Batista, the company started to buy land in Linhares, Espírito Santo that by the mid-1960s would form what is now known as the Vale Natural Reserve. Years later, Eliezer revealed that his idea had always been to preserve the region’s forests.”

This initiative may be considered CVRD’s first business activity outside the mining sector and a milestone in environmental preservation. Years later, in the 21st century, the forest would be declared a Biosphere Reserve by UNESCO.

At the port, due to the limited storage capacity at Atalaia, plans were made to build a new silo to store 110,000 metric tons of ore. The railroad cars would be unloaded in a rotary car dumper installed on the slope to the west of Atalaia Hill. After being unloaded, the ore would be taken by conveyor belt to an auxiliary silo, and then by another conveyor belt to the loading silo at Atalaia.

The target of 3 million metric tons established in 1953 was achieved in 1957, although not all the planned construction work had been completed. In the same year, the federal government, as part of President Kubitschek’s Target Program, set a new export target for the company, to be achieved by 1960-1961: 6 million metric tons per year.

In the mid-1950s, the Vitória-Minas Railroad had a series of problems capable of derailing any major export project. To rectify this situation, CVRD invested heavily in infrastructure.

20 - Information about the construction work to be undertaken at the mines, on the railroad and at the port was taken from company records and from the Archive of the President’s Office. Subsidios para o comparecimento do presidente da CVRD à CPI do caso Hanna, pp. 8-11 (hereafter Subsidios caso Hanna).


22 - Regarding this subject, see Cury, Mário da Gama, op. cit., p. 50.
Previous photograph: the Vitória-Minas Railroad.

Above: the EFVM’s diesel-electric locomotives arrive at the Port of Vitória, in Espírito Santo.
3.5 The Target Program and Document 18

Joaquim Kubitschek de Oliveira (JK), born in Diamantina, Minas Gerais, was elected president of Brazil with 36% of the valid votes cast, enough to win, but not a resounding victory. Elected as part of a coalition between the Brazilian social liberal party (PSB) and the Social Democratic Party (PDS), he was not completely accepted by the more conservative sections of society. His strategy to change this situation was to immediately establish a program of targets. This encouraged foreign investment, accelerated industrialization, and a shift in investments inland. There was also a plan to move the country’s capital from Rio de Janeiro to the central plains region, as indeed occurred, with the inauguration of Brasília in 1960. The plan was to be implemented before the end of his term in office. Hence the slogan of his time in power: “Fifty years in five.”

Brazil had only recently experienced the traumas of Vargas’ suicide, and hoped to leave this dark period behind it. Brazil was short of iron as its World Cup host. João Gilberto was creating the new genre of bossa nova on its beaches, and in Rio de Janeiro, girls were discovering the Miami, a new beach fashion that was said to be destined for great success. Juscelino understood this and gave the new frontier a beach fashion that was said to be destined for great success. Juscelino understood this and decided to create incentives to export iron ore on a large scale. It also highlighted the opportunities Brazil had to increase its share of steel industry’s need for imports. In the long term, it was estimated that it would be possible to export between 25 and 30 million metric tons of iron per year by around 1975. In order for these targets to be achieved in the short and long terms, certain assumptions were deemed essential. Firstly, all types of ore extracted would be exported, including fines and siliceous ore (after being processed), together with compact ore, and secondly, due to the size of the undertaking, a combination of foreign capital (loans or equity capital) and domestic capital (public and private) would be necessary. The government would be responsible for promoting and coordinating efforts to this end. The association with foreign capital could result in the establishment of a new company, and it was recommended that CVD lead this initiative, as far as the financial resources would allow it.

Document 18 referred to the need not only for growing exploitation of iron ore reserves for export, but also to expand production of steel and byproducts, and thereby raise the weight of steel products as a share of total sales. According to estimates contained in the report, an investment of nearly 7 billion cruzeiros (equivalent to around US$140 million) would be required to raise Brazilian iron exports for export. Plan number 1 concerning the expansion of CVRD’s output to 6 million metric tons, was budgeted at 1.41 billion cruzeiros, to be spent mainly on replacing the EFVM’s tracks and locomotives and purchasing special equipment. Plan number 2, relating to the Central do Brasil Railroad and the Port of Rio de Janeiro, included acquiring 25 locomotives, expanding the wharf, undertaking dredging work, and purchasing loading and unloading equipment at a cost of 730 million cruzeiros. Document 18 also recommended revising mining legislation to create incentives to export iron ore on a large scale. It also established conditions and limits for seeking funding and/or direct participation involving foreign capital. In short, the intention was to...
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In line with a suggestion contained in Document 18, President Kubitschek created the Iron Ore Export Group (Grupo de Exportação de Minério de Ferro, or GEMF). Consisting largely of the same people serving on the Development Council’s study commission and chaired by BNDE’s Representative João Batista Pinheiro, the GEMF’s core task was to implement the resolutions of Document 18. Given its clearly liberal orientation, appealing strongly for foreign capital, Document 18 provoked intense controversy in the press and the National Congress, which went so far as to describe it as “scandalous and intolerable.” Another contentious case would emerge at the start of 1958 when, due to favorable prospects on the international iron market and the new possibilities for foreign capital provided by the development-oriented policy of the JK government, the Hanna Mining Company entered Brazil, acquiring a 52% interest in the St. John d’El Rey Mining Company on the London Stock Exchange.

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Above: in June 1959, the first ore shipment is loaded at the Paul Quay in Vitória, Espírito Santo. Opposite page: a locomotive full of goods arrives at the quay.
Juracy Magalhães

Juracy Magalhães (Portela, Ceará, 1905 — Salvador, Bahia, 2001) was one of the leading organizers of the Revolution of 1930. Following the victory of the revolutionary movement, he entered politics. He served as governor of the state of Bahia from 1931 to 1937. When he opposed the pact that established the New State regime, and then resumed his military career. With the retreat of democracy in the country in December 1936, he was elected a deputy representing Bahia at the National Constituent Assembly for the Unidade Nacional (UDN) party. In February 1937, at the personal invitation of the president of the country, President Getúlio Vargas, he took over as president of Companhia Vale do Rio Doce where he remained until December 1952. During this period, Vale experienced two new huge resource discoveries, two new and important industrial plants, a vast investment in mining and transport infrastructure and a vast industrialization of the steel making processes.

The company’s technicians also conducted research to make use of alternate feasible technologies to avoid another kind of processing, called pelletizing. This process, as mentioned before, consists of using a thermal process to agglomerate ultrafine iron ore powder into pellets of a particular diameter (between 8 mm and 18 mm) and with suitable quality characteristics to enable them to be fed directly into blast furnaces.

The research into the use of itabirite was the starting point for Vale, called the Paul Quay. Opened in June 1959, the Paul Quay made it possible to start regular exports of fines, thanks to the installation of mechanized loading equipment.

The “Techno-Economic Study of Brazil’s Itabirite Iron Ore Deposits,” presented to the Development Council, “were ensuring that the company immediately planned to produce 4 million metric tons per year of itabirite concentrates, raising CVRD’s third production target from 8 million to 16 million metric tons per year.”

Informed that there was a substantial difference between the prices paid to CVRD (US$14 per metric ton on an FOB basis) and those charged by traders selling Brazilian ore in the USA (US$18). Juracy proposed raising the price charged per metric ton to US$14.

This initiative went against not only the 10 million cruzeiros (US$4 million) that Vale had to meet in order to break even in its purchase and operation purchases. Counting on the support of Eximbank, CVRD’s main creditor, they put pressure on the Brazilian government to intervene in the company, forcing it to review its prices.

Despite this pressure, Juracy maintained his position. It was a decisive moment for the company. After those months in which not a single purchaser appeared, CVRD finally signed a contract based on US$14 per metric ton with American company Republic Steel. The sale of 300,000 metric tons of crude ore at this price earned the company US$2 million, making it possible to make its loan repayments and invest in projects required for its growth.

Also in 1952, CVRD made a deal with Banco do Brasil to pay off a loan taken out in the mid-1940s, making 102 monthly repayments and invest in projects required for its growth.

3.7 Financial recovery and a radical change in sales policy

Shortly after becoming president of CVRD in 1951, at the invitation of President Getúlio Vargas, Juracy Magalhães gave a scathing report on the state the company found itself in. He simply quoted the figures: “We owe 26 million dollars to Eximbank, 300 million cruzeiros to Banco do Brasil, 100 million cruzeiros to Caixa Econômica and another 30 million cruzeiros to the Company Employee Association. We are behind on our insurance payments, our debts, but also undertook new investments. One can say that the company’s financial recovery was triggered by the pricing policy implemented in 1952 by Juracy Magalhães. Informed that there was a substantial difference between the prices paid to CVRD (US$14 per metric ton on an FOB basis) and those charged by traders selling Brazilian ore in the USA (US$18). Juracy proposed raising the price charged per metric ton to US$14. This initiative went against not only the 10 million cruzeiros (US$4 million) that Vale had to meet in order to break even in its purchase and operation purchases. Counting on the support of Eximbank, CVRD’s main creditor, they put pressure on the Brazilian government to intervene in the company, forcing it to review its prices.

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Together with these, in 1954, the company made two new huge resource discoveries, two new and important industrial plants, a vast investment in mining and transport infrastructure and a vast industrialization of the steel making processes. CVRD knew how to position itself on the international market, which was buoyant as a result of demand caused by the Korean War. Over the course of the 1950s, the company not only paid back its debts, but also undertook new investments. One can say that the company’s financial recovery was triggered by the pricing policy implemented in 1952 by Juracy Magalhães. Informed that there was a substantial difference between the prices paid to CVRD (US$14 per metric ton on an FOB basis) and those charged by traders selling Brazilian ore in the USA (US$18). Juracy proposed raising the price charged per metric ton to US$14. This initiative went against not only the 10 million cruzeiros (US$4 million) that Vale had to meet in order to break even in its purchase and operation purchases. Counting on the support of Eximbank, CVRD’s main creditor, they put pressure on the Brazilian government to intervene in the company, forcing it to review its prices.

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There were other signs of improvement in CVRD's financial situation. In 1951, it paid the first ever dividend in its history, providing a 0.1% yield - although restricted to the company's preferred shares. Two years later, the first bonus was paid to all employees. In 1954, the company paid a dividend to holders of its common shares as well. CVRD was gaining more credibility and strength on the market.

The following year, in accordance with a statutory determination obliging CVRD to allocate part of its profits to promote the economic development of the area where it operated (70% in Minas Gerais and 30% in Espírito Santo), the company began to transfer resources to the Fund for the Improvement and Development of the Doce River Zone (FMDZRD).

Another major improvement introduced by the new commercial policy was better discipline in the use of the ore quay. The former traders did not concern themselves with aligning sales with operating conditions at the port. As a result, it was common for too many ships to arrive at the same time, while at other times the quay would be completely idle. This lack of planning led to constant complaints from customers, and supply delays meant that the company often had to pay fines.

Among the factors behind CVRD's transformation, one in particular was fundamental, as it provided the commercial transparency indispensable for operations on the international market: a radical change in its sales policy.

Until then, the company's sales were made from its Rio de Janeiro office by a large number of importers and traders, some of doubtful reputation, confusing consumers by quoting different prices. Many of the offers made were merely negotiating tricks to lower the prices paid, frequently not coming to fruition when the time came to sign the contracts. This harmed CVRD's prestige, and once customers knew that various traders were selling its ore, they would withdraw, waiting for a substantial reduction in price.

Concerned with this situation, and in 1954 CVRD started to establish direct contact with the steel companies that consumed its ore. The company's agents were exclusive, eliminating intermediation by numerous competing traders. The following agents were selected to handle the company's sales: British & European Sales Ltd., based in London, covering Canada, Great Britain and Belgium; Société Anonyme d’Importation (SADI), based in Lausanne, Switzerland, covering continental Europe (except Belgium); and Cleveland Cliffs Iron Company, based in Cleveland, covering the United States. Sales to Japan and South America continued to be handled directly by CVRD from its Rio de Janeiro office. In the case of Japan, due to demands from purchasers, deals were brokered by the country's trading companies.

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CVRD’s financial recovery expanded its scope for negotiation. The loans from Eximbank – for US$14 million and US$12.5 million to finance the company's expansion programs in 1953 and 1957 – were revised on new terms. It was agreed that the debts would be amortized based on a commitment of 5% of the value of exports.

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To learn more about the presidents in Vale’s history, visit Vale - Our History.

Francisco de Sá Lessa

Francisco de Sá Lessa (Diamantina, Minas Gerais, 1887 – Rio de Janeiro, 1977) was 65 years old when appointed president of Vale, and he was the longest serving president in the company’s early years, holding the position from December 1953 to March 1962. Sá Lessa was a qualified civil engineer with a postgraduate diploma in Industrial Chemistry from the Polytechnic School of Rio de Janeiro and his background closely reflected his management profile. During his time running CVRD, Brazil had three different presidents, and the company overcome a number of crises. CVRD began to modernize its ports, it invested in new technology, it broke new markets (especially in Germany and Eastern Europe) and, in a bold move for the time, it opened its first offices abroad. When he stood down as president, the company had a strong name on the international market.

Between November 1953 and March 1956, while working as president of CVRD, Sá Lessa also served as interim mayor of the Federal District of Rio de Janeiro, by appointment of the President of the Republic, João Figueiredo. 
How green is my valley

In the 1950s, when CVRD began to purchase areas of Atlantic Forest in Espírito Santo, its intention was to harness them to make railroad crossties for the EFVM. Later, the company realized that it was possible to buy timber from other sources and at a lower cost. It was a kind of “green light.” The passing of time—and the growing ecological awareness that came with it—resulted in the original timber-production plan being transformed into one of the most successful preservation and sustainability initiatives in the world. Vale’s crossties now come from elsewhere—and the reserve in Linhares, now called the Vale Natural Reserve, shows that the company’s environmental policy is on the right track.

Covering approximately 22,000 hectares, the Vale Natural Reserve is one of the largest remaining expanses of tabuleiro (coastal lowland) forest, one of the most endangered habitat formations in Brazil’s Atlantic Forest. In 2008, UNESCO declared the site to be an “advanced” area of the Atlantic Forest Biosphere, given its importance to flora and fauna conservation. The reserve is now an immense botanical garden, emphasizing research and the discovery of new animal and plant species, and producing more than 3 million saplings a year.

As of 2011, scientists working at the reserve had cataloged over 3,000 plant species, 1,460 types of insects, 179 spider species, 26 fish species, 66 species of amphibians, 49 reptile species, and 125 species of mammals. The reserve is also home to 380 bird species, corresponding to approximately 20% of the total found in Brazil. The reserve in Linhares is fringed by the Doce River (which gave its name to the company), whose mouth is located in Regência, a few kilometers from the edge of the forest.

Besides functioning as a center of excellence for nature preservation and research, the Vale Natural Reserve is also an attraction for visits and recreation. The reserve, which can be crossed on unpaved roads, has a training center, an auditorium and even a comfortable hotel with 51 suites. There are also seven trails, which visitors can hike along, led by a specialist guide. Visitors to the reserve can see a tall, white-barked, fruit-bearing tree. Of the genus Simira, known in the region as “maíate,” the tree was discovered in the reserve and named Simira eliezeriana in honor of former CVRD president Eliezer Batista. This is just one of the Vale Natural Reserve’s many unique features.


Below, left: the tree nursery at the Vale Natural Reserve in Espírito Santo, in 1989.

Aerial view of the Vale Natural Reserve in Linhares, Espírito Santo.