
Vale cuts iron ore supply to Usipar

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BNamericas reported that Brazilian mining and metals group Vale has decided to halt iron ore supply to Pará state based pig iron maker Usipar. Usipar is a unit of local pig iron group Cosipar.

Vale in a statement said that the decision was taken due to Usipar's noncompliance with environmental legislation, which resulted in the Pará environmental department halting the company's operations.

The release added that Vale sent letters to eight pig iron companies earlier this year requesting proof that operations are running "absolutely" under the environmental and labor legislation. As a result of its analysis of documents presented by all the producers, the Brazilian group decided to immediately break iron ore supply contracts with Cosipar, Fergumar, Simasa and Usimar.

Fergumar secured an injunction, forcing Vale to resume supply of the steelmaking input, but the Brazilian group has appealed the decision and is awaiting the verdict.

Vale suspended on December 5 iron ore shipments to Minas Gerais state-based pig iron producer Itasider, while pig iron makers Sinobras, formerly Simara and Viena, presented information to allow iron ore shipments to continue. Vale halted supply to Ibérica for one week, but the pig iron maker was able to prove that operations were running lawfully and shipments resumed.

Cosipar in a statement said that Pará's environment department carried out an inspection at Usipar earlier this month and determined a temporary halt of pig iron output was necessary based on a "supposed possibility of contamination" of the Arienga river.

A state court reversed the halt due to the lack of evidence of contamination from Usipar's operations.

Usipar had an old stock of charcoal on site, prior to deciding to turn the plant into coke based operation, the statement continued. The unit's operation license is valid through April.

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