Company Participants

- Fabio Barbosa, CFO
- Jose Auto Lancaster Oliveira, Executive officer of non-ferrous minerals
- Jose Carlos Martins, Executive officer of ferrous minerals
- Unidentified Speaker, Unknown

Other Participants

- Carlos de Alba, Analyst
- Felipe Hirai, Analyst
- John Tumazos, Analyst
- Jorge Beristain, Analyst
- Oscar Cabrera, Analyst
- Unidentified Participant, Analyst

Presentation

Unidentified Speaker

(inaudible) at the investor relations section.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Actual performance could differ materially from that anticipated in any forward-looking comments as a result of macroeconomic conditions, market risk and other factors.

With us today, in Rio de Janeiro is Mr. Fabio Barbosa, CVRD's Chief Financial Officer. First, Mr. Barbosa will proceed to the presentation and after that we will open up for questions-and-answers. It is now my pleasure to turn the call over to Mr. Barbosa. Sir, you may now begin.

Fabio Barbosa {BIO 21197136 <GO>}

Thank you very much. Good afternoon, ladies and gentlemen. Thank you, all for attending this conference call today. We are going to discuss first very briefly our quarterly results that we released yesterday. And then we'll share with you our views about the long-term fundamentals of our market.

Starting with this quarter, we did have a very good performance. We despite as a good challenging environment, we delivered very strong results with records in iron ore and pellet production with 78.3 million tons and 4.4 million tons respectively, bauxite record at $2.6 billion, meaning that our Paragominas investment is starting to actually produce in the trend that we expected. Record iron ore and pellet shipment, 78.5 million. And this Third Quarter post sale was best ever Third Quarter of our history with standalone [ph] record in revenues, net earnings and adjusted EBITDA reaching $4 billion.

At the same time as you can see in the next chart, we have been able to again deliver cost reduction on the basis of adjustment for volumes and exchanged variation. If you recall when we just started this fair [ph] division of costs and more on a suspended basis we refused to indicate a single figure to our target for our cost reduction for the future.

And I am happy to tell you that after 12 months we achieved $276 million without any announcement [ph] that actually delivering the results that we are pursuing. So if you consider the environment that we are going through right now is with a very strong demand for everything, be it labor, few equipments and materials, not to mention oil prices, you will see that the major effort in place to contain costs. So we are very happy to deliver -- to actually deliver this result.

At the same time our EBITDA continues to grow in the Third Quarter of '07 on a 12 month basis reaching $16.9 billion and a nice split between Ferrous and non-ferrous, minerals in our nine months composition. So almost in balance in both areas showing a much more diversified profile that we have been aiming at there for some time.

In terms of the ferrous division they are increasing the shipments was the major driver for the good results achieved and of course cost reduction was presently $80 million, as residual price adjustments are $52 million and then we were able to deliver $2.2 billion in EBITDA for the ferrous division this year.

For the non-ferrous I think in the fiscal year showing the effects after the price reduction in nickel compared to the previous quarter when nickel prices reached record levels.

This shows you the nice aspect of what I justified profile. We did have very strong performance in the quarter associated with nickel. Now with the nickel prices being at the lower level, we're able to add this impact to deliver very strong volume performance in our iron ore and pellet division.

So you know, we are mitigating the risk related to our EBITDA in the long-term as we expected.

And finally, I would like to mention that again consistently with what the message we have been conveying, our leverage wasn't used and our total debt EBITDA reached to a level of 1.2 times in the Third Quarter and the end of September. The quarter ended in September.

We are chiefly consistent with what we have in Brazilian market and despite the major effort that we have been doing in investment and also in dividend payment.

Turning now to our views on the long-term fundamentals of our market. First, this first chart, (inaudible) is showing. And again now we expanded, we stretched the focus to longer periods in order to assess CAGR costs based [ph] on with our own strategic plan that we just announced.

But you can see there, you can see that as you take 2002 the reference year, it's also in red [ph]. It means that the world economy grew by almost 10 years in a row above long downtrend.

Now this is something that has happened, the last time that it happened was in the 60s and it grow the years including 60. So what we are actually leaving and we have been also stressing at this point in several opportunities is that business there it's a very long-term phenomenon. There is stretch or change that is taking place and growth in our view will continue to be there. Although, it may be a little bit more moderate in the following years but still, well above their long-term trend that we just observed in the last four years. So this is great news for our market.

The next chart is also an interesting aspect of the current GDP, global GDP growth, which is the lower volatility that is embedded in the characteristics of the growth so far [ph]. It means that the whole company is highly scattered [ph] like CVRD and all other mining sectors.

Its natural or its logical that something raising up its multiple associate and if they lower implied risk plan associated with our business. So given that the shock of fluctuations of demand, aggravate demand and currently the global economy less lightly. So we should be let it been [ph]. So it means that as less riskier market ahead of us according to this chart that we just quantitative of. And to the same -- and on the same note, I would also point out the great share of the emerging market economies in global GDP from 39% or so into the 1980s now to almost 50%, 48% in 2006 and should be about 50 this year. So what it means is that the growth is more concentrated in emerging market economies and the marginal growth rate that you can see in the next page, shows you precisely there that about three quarters of the typical growth rate is today associated with the emerging market economies, out of which China is responsible for 22% of the total GDP growth.

It means that if we consider that the developing economies are the major drivers for the whole GDP growth, it means that those granted by the position they are in and the development stage that is different from their developed countries [ph] by definition. So they need to think that developing companies no longer near to the same advancement [ph] there, economies like China, India do.

So associated with this growth and it is a major characteristic of this long cycle that we are living through right now is the fact that there is a major organization [ph] in the industrialization process taking place. And the logical results of it, is major demand for minerals and metals also in place. It means that if we do believe that the structural changes continue and if there is a cycle it will be actually as long as we mitigate [ph]. It means that there's much more to come in our market and it's not clear what would be the -- if there is no point in the long-term.

So in other words, it's hard to say when this cycle will peak right now. So in our view again, strategies point this process could take much more years -- many more years than they are doing. We are indicating and particularly as we indicated in previous conferences if countries like India with its size and population at a development stage, enters the process in a more effective way in terms of the minerals and metals market as we do expect.

China's economy in 2007, you just saw yesterday we released that figures, GDP growth 11.5% the same for the whole year. So it's a dynamic economy. And it's really -- its well above our expectation. We expected GDP growth in the beginning -- we targeted GDP growth in the beginning of the year to be around 10%, now it's well above this rate. And we don't see any sign of deceleration.

And with that, we -- again, we expect the importance -- the relative importance of China in the global demand on minerals and metals, to increase further. So our annual agenda [ph] is 45% of the seaborne trade in 2006. In 2011, our expectation is that this share will be 54%, nickel, 31% from 4.9% in 2000 -- just 4.9% in 2000, aluminum 41% and copper 30%.

So again, this -- if one believes that chart and we continue to grow along that the, months associate with this growth is the increase in demand for minerals and metals. And again, you should be aware that there is an upside link associated with India demand that is not yet reflected in prices or the conditions of market in minerals and metals.

And for the short-term, spot prices in iron ore surged reaching almost $180 per ton for the Indian ore. The Chinese spot is around that figure of 172. And even with a much high spot of freight dollar tonnage (inaudible). What it means more than that figure itself, is that the market is not balanced. The market is not cleared. And if you consider the average size realized in our FOB basis, $46 per ton. You'll see that a major imbalance taking place as it makes polished [ph] iron ore even when adjusted for the freight cost, it's around, 20% or 25% less than the prices that are being paid for India and Chinese ore, both of lower quality than ours.

We do believe that the benchmark pricing system is the one that provides us the more accurate -- the most accurate signs to the market in general, in terms of, mining companies and steel companies. And in a way, allow us to invest massively as we do. As we just announced in our investment program that we are involving $59 billion over the next five years. And iron ore being expanded to 450 million tons for [ph] 300 million tons this year. So it's our view that this market will continue to be -- to perform very strongly. And we have to catch up and to discuss with our clients the best way to find mutual beneficial agreements in this area over the next few years.

After turning to -- now, to the stainless steel. After a sharp reduction in Third Quarter of '07, as you see and it's a little bit -- it's sort of seasonal reduction. Although, this year it's more intense, it has been more intense than the previous year. But the fact that it is seasonally due to the summer season into -- not behind this year there is a reduction in production. There has been a reduction in production. And now, out here that's the understanding to production is starting (inaudible). And so nickel prices are also bouncing back, reflecting the healthy fundamentals that we put there. So the growth is there. The world growth is there. Asia is growing and again demand would -- it's a matter of time that demand will reflect this situation is different in the nickel market.

Overall, we have a very, full of confidence to the long-term global fundamentals. And that's why we put together this $59 billion program as a notion [ph] before the investment program for the next five years. The largest investment program for a mining company ever announced. We definitely focus on organic growth with project development and mineral exploration. And we have to explore and enjoy the fact that the competitive advantage of having the best and largest of several materials particularly iron ore, nickel and bauxite.

We are also working hard to enhance our infrastructure, logistics and power generation. And in this connection is explained -- a good part of the increase in our CapEx is based on costs that we announced the last week. Of course, what we are talking about now is our investment there are in a way transforming our production capability over the long-term and that more infrastructure, more logistics, more ports are required in order to shift all the material that we are going to get over the next few years.

In the next chart is of our pipeline of projects but I won't discuss all of them but it shows the powerful drill capacity that we do have is very true, large projects they are not all of them that are listed here but the most important ones and it's a clear sign of our cost events in the future of our industry and our company in particular. We do have options to grow. Those are not strictly plans with the project that are being implemented or elaborated that will be submitted to our Board. But the fact that as we put that we do have fewer options to grow over the long-term.

And finally, a brief reminder of how effective we have been in delivering good returns of capital investments [ph] in the last 12 months and during the Third Quarter of '07, our return on capital investment was 52.1%. So we are happy to deliver these results despite the difficulties in some areas involved and difficult reproductions in some business areas but we do believe that those results were very satisfactory, very positive and indicative of the strength of our company.

I will be available for the questions that you may have. Thank you very much.

Questions And Answers

Operator

Thank you, sir. (Operator Instructions). Our first question comes from Felipe Hirai with Merrill Lynch. Please go ahead.

Q - Felipe Hirai {BIO 15071781 <GO>}

Thank you. Good morning everyone. Good morning, Fabio. I have a question regarding your nickel business. We saw a decline in production in the Third Quarter. But you changed your guidance for the remainder of the year and also during the consolidation [ph] theory it seems that you expect the production for the Fourth Quarter to increase by 22%.

Could you comment if that's feasible or not and what driven these declining production what could be the trigger for the decrease in production Fourth Quarter?

A - Fabio Barbosa {BIO 21197136 <GO>}

Thank you, Felipe. The triggers that we have overcome. And the problems that we had particularly in our Canadian operations and we do believe that we'll be able to deliver these figures. We revised dollars on our annual estimates but implying a more aggressive number for the Fourth Quarter of '07 that is particularly feasible enough.

Q - Felipe Hirai {BIO 15071781 <GO>}

Okay. And I have a second question regarding the logistics you announced to be true for the CapEx of your logistic infrastructure. Could you comment if fees for the next few years for these -- all of these investments in logistics ramp up, if these would be a professional bottleneck for your current production?

A - Fabio Barbosa {BIO 21197136 <GO>}

No we are moving ahead in some places, we are moving ahead. And we'll build [ph] our capacity ahead of the production of our mine. In terms of logistics in iron, we're increasing our current (inaudible) to 125 million tons by 2011 if I'm not mistaken. And at the same time we are building a new pier and a (inaudible) pier on the northern shore.

Today currently for instance, we have idle capacity -- not idle. But available capacity now for the (inaudible) so it's a combination. We are working hard. This year has been a very tight year. You will remember that that first two quarters we lost shipments. And most likely, we will not be able to pull all the shipments that we lost.

We operated very efficiently in the First Quarter we are slowing that now. But I would say that today we are operating on tighter conditions there will be in the next few years. So we are bringing more capacity to be very well somewhat together.

Operator

And thank you Mr. Hirai for your question. The next question comes from Jorge Beristain with Deutsche Bank. Please go ahead.

Q - Jorge Beristain {BIO 17554499 <GO>}

Hi. Good morning, Fabio. It's Jorge Beristain with Deutsche Bank here. Two questions, one is just following up on that nickel comment earlier. I was wondering in terms of the unit cash costs that we saw, we did see another up tick quarter-on-quarter going into the Third Quarter. Is that something that you view actually coming down in the Fourth Quarter on higher volumes because of the fixed nature of the cash costs in the nickel business that's my first question?

A - Fabio Barbosa {BIO 21197136 <GO>}

Yes, Jorge, you are right, we should produce more fixed costs associated with the portion that you mentioned that we should expect a decline in the Fourth Quarter, yes.

Q - Jorge Beristain {BIO 17554499 <GO>}

Okay. My second question is just regarding the outlook for the nickel market in terms of prices. We saw an incredible collapse quarter-over-quarter in your revenue into Asia particularly in Japan, in Korea, on I guess lower nickel sales there, could you comment a little bit about what you are seeing from the stainless steel producers themselves in terms of how they finished the de-stocking phase? And secondly, as more nickel volumes are made available by you to the market, do you believe we'll see lower prices or do you think that prices have more or less stabilized in the $14 a pound range right now?

A - Fabio Barbosa {BIO 21197136 <GO>}

Well I think the demand has been picking up. It's growing after this de-stocking process, after the adjustments took place and clearly demand is much stronger today than it was in the previous month. So we are de-stocking that currently throughout Asia, you know. So now on the demand side I would say that it's natural to expect a bad performance as well. And we hope to be able to deliver all the nickel if this demanded by our client and the market. As for prices, we do not have a forecast, we do not give this sort of guidance in terms of prices but what I'd say is that, I would say is that prices have -- nickel prices have being showing some sort of resistance point around the current level. I'm not sure if this is something more permanent or just shape [ph] a little bit current situation of the market. But the fact is that the prices are as we put they are hovering around this $32,000 per ton. And I would not say to you what would be the -- what is our forecast for the next two months. But I would say that demand is stronger now than in the Third Quarter. And we are trying to catch up with demand by our clients. This is a matter for Jose.

A - Jose Auto Lancaster Oliveira {BIO 1787804 <GO>}

Yes. I'd like to highlight one important issue about the cost of the nickel operations. As a matter of fact, nickel cash costs increased in the Third Quarter. But if looking to the whole cost of the nickel operations, you should know as it was expressed in the press release that we managed to reduce them by $150 million due to decreasing purchase of nickel intermediate products and finished nickel. We are replacing trade back [ph] product with our production relatively to 2006. This is an important measure in order to reduce our costs.

A - Fabio Barbosa {BIO 21197136 <GO>}

Okay, Jorge.

Q - Jorge Beristain {BIO 17554499 <GO>}

Thank you.

Operator

Yes. Thank you for your question Mr. Beristain. Our next question comes from Oscar Cabrera with Goldman Sachs.

Q - Oscar Cabrera {BIO 7553392 <GO>}

Good morning, everybody. Fabio, first question is with regards to your coal business. During the -- in your press release for the announcement of the $59 billion investment, there you have an estimate for coal, would you be able to give us a breakdown of the met-coal and the thermal coal that you have for these numbers. They go from 2.9 to 15.2 expanding 2007 to 2012. I will follow-up with another one please. Hello?

A - Fabio Barbosa {BIO 21197136 <GO>}

Sorry, I got your question. And so for the coal, what we do have its production estimated for this year around 3 million tons. Yes. According to the consolidation that we did in our acquisition of AMCI (inaudible) and our goal would be 30 million tons involving basically the Moatize project with 11 million tons or so. We are over there with 8 million tons. And we also have with early stakes in the

Chinese joint venture that would also add assuming our costs -- some 3 million tons to this project. Hello?

Q - Oscar Cabrera {BIO 7553392 <GO>}

Yes. Right. But would it be possible for you guys to give us the breakdown of what or at least the metallurgical coal component of those?

A - Fabio Barbosa {BIO 21197136 <GO>}

75% of metallurgical.

Q - Oscar Cabrera {BIO 7553392 <GO>}

Okay.

A - Fabio Barbosa {BIO 21197136 <GO>}

75%. It's our best estimate. So in a way, if we put together we would have some -- all the operations that we have in Australia right now plus, the future operations we will have some 19 -- 18 million to 19 million tons of coal we produce there. And 10 million tons -- 11 million tons in Moatize plus 2 million tons in China. And the distribution would be around a figure 80% or so metallurgical. Okay?

Q - Oscar Cabrera {BIO 7553392 <GO>}

Okay. Thank you, Fabio. The second question it's with regards to the iron ore business. You know, you've got a great cost control considering the appreciation of the Reais, I was just curious would what -- where are you seeing some of these savings coming from? Is it -- have you been able to split your mines now and that's why your shipping ratio is lower, therefore, your cost are lower or has it because they have to do with more of the supply chain and the way you are managing your operations at the moment? Thanks.

Operator

This is the conference operator please continue to hold. We will reconnect the conductor shortly.

Please be patient as we reconnect Mr. Barbosa's location. Thank you for holding.

Excuse me Mr. Barbosa rejoins at the conference.

A - Fabio Barbosa {BIO 21197136 <GO>}

Yes. Thank you. Oscar, could you repeat the question for clarification, please?

Operator

And I do apologize, sir. I do apologize, Mr. Barbosa, we do not have that party in the queue. (Operator Instructions). Mr. Cabrera you may ask you second question.

Q - Oscar Cabrera {BIO 7553392 <GO>}

Great, thank you. Thanks Fabio.

A - Fabio Barbosa {BIO 21197136 <GO>}

Oscar, sorry about that we had technical problems, could you repeat the whole question please?

Q - Oscar Cabrera {BIO 7553392 <GO>}

Yes, no problem. You know, I was just saying that you guys have shown extraordinary cost control at your iron ore operations, despite high appreciation [ph] of the Reais and I was just wondering, if you could provide a little bit more color as to the source of this cost containment, is it the fact that you guys have been able to just continue to strip your minds, I remember last call you said that there were issues with drilling [ph], you had to go deeper under the -- deepen the pits or is it more on your supply chain and the fact that you have paying synergies there by consolidating some of these operations?

A - Fabio Barbosa {BIO 21197136 <GO>}

Well I think, you got it right, I think we are doing a lot of things altogether. We actually are facing various cost pressures and the issue of we are increasing -- we are dealing with that with increase of commission, its something that we have nearly declined [ph] in the last few years. Also, we are redesigned and if you know this in the press release we informed about the structure of our shared services that some costs there outside to the operations and either within assignments, costs were down at the operational level. So we are improving the way we used to do, we used to do the operation and also we are at the same time exploiting the synergies that we indicated in the past with MBR, the MBR operations were resulting in some inconsistencies. So we have always wanted to consolidate this company and because we did see a lot of potential value to be captured within MBR, in a way, collecting the results that's out there and that where there to be collected so we are believing. I'll also know that we are changing the way we operate reducing outsourced services and then if you are talking an out services provision, particularly waste removal and this is -- it has been -- its in the past this was cheaper to bring outsourced service to do this kind of job. But now with strength of demand for other services it became more expensive. So we decided to do it in-house and we should have more results in the future. The points that you'll miss and there would be (inaudible) because the run rate is inflation [ph] it is not playing a role yet often. We do believe that this role will be more effective moving forward as we implement all the investments that we have in our pipeline.

Today given the result of the market, we are operating with mines with very high marginal costs, costs that in some cases they triple, the cost of a mine like Branco II. So but we have to operate it because it provides the material that is required to supply our client and we have no alternative. If they increase in our perfection reaching 450 million tons it is natural to have a power trend in our operational costs as we will have a much lower street way [ph] so in the future given the requirement of the mines that we are going to develop. Okay.

Operator

Yes. Thank you for your question, Mr. Cabrera. Our next question comes from Carlos de Alba with Morgan Stanley. Please go ahead.

Q - Carlos de Alba {BIO 15072819 <GO>}

Good morning, gentlemen. A quick question on SG&A the increase substantially year-over-year and in the press release you went through some of the details on what drove that increase. However this deal of about $47 million of the increase that is almost 40% of the higher expenses that were not quantified. So I wonder if you could comment on that please?

A - Fabio Barbosa {BIO 21197136 <GO>}

Your question is about SG&A and with actually the (inaudible) as we put there. We have several different, cost frames [ph] to explain it. I would highlight what we already quoted the price would be and its fairly and surprising [ph] and we spent some $90 million more in this quarter as we felt it rather procreates [ph] to show in a more effective way what the company was doing particularly here in Brazil. Particularly in the social acts and that the corporate structure responsibility actions that we had in our plans.

The perception that we had is that, we were not as keen as much as we would like to be in this area. And this is a very poor account area for our company that it spreads out in several states here in Brazil. So we thought that was necessary. The another important point is that we now in particular (inaudible) trying to rollout our, the structure that we have here in is to be added. So we're expanding more, we are trying to upgrade our IC capabilities and we have the challenge of having more companies to connect repeatedly to be probably -- I would think that those are most the important ones regarding to this cost year to-date [ph] increase.

Q - Carlos de Alba {BIO 15072819 <GO>}

And thank you. And is there a number that you do think will be a more sustainable SG&A going forward?

A - Jose Carlos Martins {BIO 1715332 <GO>}

It's Carlos. You should expect of course of the five reviews [ph] has to do with the perception about the government, of the company, by people in the Brazilian environment, okay.

But as far as they should expect a continuous pressure on this area, as we are upgrading and improving our facilities and we have more companies, we are a bigger company. And even the need that we identify and. So we have to really spend some money there for two quarters, yes. Thank you.

Operator

Yes. Thank you for your question Mr. de Alba. Our next question comes from Fred Dubay [ph] with Nomura. Please go ahead.

Q - Unidentified Participant

Hi. I just had a small question on the nickel volumes. As I understand you said that nickel production would be higher in the Fourth Quarter but during the press release of 2008 CapEx you have given a guidance for nickel production for 2007 as 260,000 tons. I just wanted to just understand that if the nickel production is going to go up in Fourth Quarter why would the overall nickel volumes would be so low compared to the previous guidance of 287,000 tons? Thank you.

A - Fabio Barbosa {BIO 21197136 <GO>}

Could you please repeat the question? I'll be so glad. Please.

Q - Unidentified Participant

Yes, I said that in the press release for 2008 CapEx guidance you have given the nickel production guidance as 260,000 tons. But as I understand you also said the nickel volume production in the Fourth Quarter would be increasing. So I really don't understand if the production in Fourth Quarter is increasing, then, how come your revised guidance is lower than your original guidance of 287,000 tons? In short could you -- whenever guide like -- how much overall production for nickel you are expecting for the whole year?

A - Fabio Barbosa {BIO 21197136 <GO>}

Our -- due to the problems that we had in operations that we released or we informed in our press release -- our own production would be around 244,000 tons -- 246,000 [ph] tons this year. And if using third party this year would be 14,000 tons. In total it would be 260 short of our initial deal of 287, due to the problems that we observed in several of our operations in our nickel division.

Q - Unidentified Participant

Okay. So I guess even -- since the volumes would be down in the Fourth Quarter even your upper unit cash costs would also be higher compared to this quarter, is that right?

A - Fabio Barbosa {BIO 21197136 <GO>}

No. We should expect some decline in that cash cost because we are going to produce more competitive Third Quarter as we are going to produce more on the Fourth Quarter than we produced, completed in Third Quarter.

Q - Unidentified Participant

Okay. Thank you.

Operator

Thank you, Mr. Dubay. Our next question comes from Sunil Diptendra [ph] with Sentinel Asset Management. Please go ahead.

Q - Unidentified Participant

Yes. Just -- you mentioned in the opening commentary that growth may moderate in the following years, is it possible? Can you elaborate on that what you meant by this that you are looking for certain countries growth to moderate or certain growing countries to moderate or what was the -- could you elaborate on this?

A - Fabio Barbosa {BIO 21197136 <GO>}

Sorry, could you repeat, the sound is not good here, could you repeat please. Sorry.

Q - Unidentified Participant

Yes. In the opening comments, you mentioned that growth may moderate in the following year. But the long-term growth maybe -- but may remain above the long-term trend of the last four years. Is it possible that you can elaborate on what, where the growth moderation is being seen by you? What areas you are seeing or what regions you are seeing there might be growth moderation, is it in certain commodities, certain regions or what do you see basically going forward?

A - Fabio Barbosa {BIO 21197136 <GO>}

Okay. I got it. Thank you. Sorry, about that.

Q - Unidentified Participant

Thanks.

A - Fabio Barbosa {BIO 21197136 <GO>}

All our major views as for what you'll next year would be some deceleration in the US economy that would drive reduction in the year more [ph], consolidated growth rate probably will decline. Instead of 5% it should be more or should be closer to 4% or 4.2%. So -- but even that at this level it's right above the 3.5% that we observed in the, after the 70s up to very recently. So in '08, if we take this average of the standards with the local trend and the less (inaudible) % of the 80s and 90s you'll see that 4% -- 4.2% -- 4.5% is well above these standards. And the other reason is precisely the environment, mostly even economies in particular. China right now is growing. It continues to grow at a very fast pace. And in our view, it's progressing with new solidity [ph]. But it will continue to grow at very high rates compared to the Asian standards.

We have growing economies like Cambodia, like Vietnam that are also joining the party. You have Japan with more economy that it's really more than the elusive bands [ph] and other source of growth. And you have the major upside represented by India in our view, because India is a very large economy. It's 1.2 billion people with -- in a stage of development but is still very behind for instance, what China has achieved. So -- and they are growing 9% to 10%. This does mean that the impact of the Indian growth in the total GDP growth is still small. But this would change in the future. And in a way we really share this view that India has still a more important role in the global arena. And it would have a more relevant impact in metal and minerals markets.

So if we could divide the world in two parts, in two pieces, I would say roughly speaking, where the accelerated growth would take place in the eastern part of the globe combined with very (inaudible). But more moderate growth rate in the western part of the world, western Europe, US, Americas included.

So and in the more long-term perspective, we could have Alaska [ph] also playing a role, several countries there due to this very rich environment of -- in our industry particularly. There is a map of it and they are wealthy in resources that they have there it's not -- it could be also very more of the perspective, another source of structured growth moving forward as often is the next stage [ph]. But this continent it is very few, we have lower debt as experienced in the subcontinent of the Asia-Pacific region.

Q - Unidentified Participant

Yes. So given the strong growth in those regions, probably the US may not be a factor in your shipments in that case, which tells me that going forward your shipments for next three years will continue to increase from the present levels, is that what one should make that assumption?

A - Fabio Barbosa {BIO 21197136 <GO>}

Yes.

Q - Unidentified Participant

Is that the correct way to think about it?

A - Fabio Barbosa {BIO 21197136 <GO>}

You have every deciding way that you should think about it. Our shipments will increase. And the driver will be Asia. It's Asia and both Europe and US where we have very small presence, that the growth will be there. But the demand would not be the major driver of additional demand. What you see for instance in India the steel production allows 50 million tons the year and very ambitious target to reach triple of this stock in Italy as a whole [ph]. So and something that we don't see in the US economy for instance we are not that specific -- it could happen here, there, the production is around 110 million tons per year. But in India it could be tripling, there in the production over the next 10 years or so and to be taken by the government plan. And China will continue to grow as their capital structure and is still lower than what we have done in the western countries clearly (inaudible). So not unusual, we will continue to be more evident in the eastern parts of the world. So our shipments to that region should increase over the next few years.

Operator

And thank you for your question Mr. Diptendra. Our next question comes from John Tumazos with John Tumazos Very Independent Research. Please go ahead.

Q - John Tumazos {BIO 1504406 <GO>}

Congratulations on all of your progress, could you update us on the plan to move from 300 million to 450 million metric tons of iron ore and specifically the issues of real delivery the bottleneck [ph] and where you might be moving to double track from single track and building bridges and civil engineering issues?

A - Fabio Barbosa {BIO 21197136 <GO>}

Thank you very much. Well our production capacity will be operating at 450 million tons capacity by the end of 2012. So our view is that the market will be, you demand even more than that or that's what we can do to freeze our customers. We are investing heavily as you'll call it and the new project, that again they have a different characteristics, of implied and the rigorous [ph] of our infrastructure, view the new logistics and this is more expensive than ordinary last year's expenses and in the case of the double track designation, we are almost -- double tracking almost 500 kilometers that far Carajas railroad and building several yards to accommodate longer trains that we are using in our operation.

So in the northern shore we are building a new pier and though we have included new ship loaders in order to again make Carajas capable delivery 220 million tons in the next five years, after five years. We are buying car dumpers. We are really thinking on enhancing to cutback the false stock [ph] in Tuberao port. We are using the Litorania Sul a railroad and there is a new branch of that will be connected to Tuberao port and we'll connect Tuberao port to the new Ubu [ph] port where the new steel plant that we are building it's position will be located and that port would be also an important (inaudible) logistic facility that we are building. So it's a major, major effort in place and that's explains our -- the new consideration of our CapEx fiscal compared to what we used to do in the press release.

Q - John Tumazos {BIO 1504406 <GO>}

Thank you very much.

Operator

Thank you. Our next question comes from Julian Chu with Benefit Investment Bank [ph]

Q - Unidentified Participant

(inaudible). Good morning, gentlemen. I just in line of the previous question. I believe that you are quite confident of delivering the 450 million tons of iron 2011 -- 2012 sorry. I need to know what kind of risk you may we should monitor for a possible delay in this schedule?

A - Fabio Barbosa {BIO 21197136 <GO>}

Thank you, Julian. While I think that is associated with the environmental permits to the Nebel [ph] project. Also the availability of contractors and equipments. So we are trying to speed up our orders. We are increasing the anticipation of not famous of the several projects in order to singularly ensure that the (inaudible) of the requirement will complete on a timely fashion. But I would say that those are -- they are reaching for permits contractors and equipment.

Q - Unidentified Participant

So I can consider that slowly has cut the mind [ph]?

A - Fabio Barbosa {BIO 21197136 <GO>}

We'll be able or so far we have been progressing on schedule and we believe that on the supply side we'll be able to do the new (inaudible) and on demand side as we have commented before it's very strong and actually we should move ahead of our capacity to deliver all the orders requested by our clients.

Q - Unidentified Participant

Okay. Thank you very much.

A - Fabio Barbosa {BIO 21197136 <GO>}

Thank you, Juliana.

Operator

Thank you, Ms. Chu for your question. This concludes today's question-and-answer session. Mr. Barbosa, at this time you may proceed with your closing statement, sir.

A - Fabio Barbosa {BIO 21197136 <GO>}

Well thank you very much. And I'm very happy to be here today on the 26th of October. This is also a great Q for us that we're able to deliver our quarterly results, thanks to our team in accounting and the investor relations. We are able to deliver this result earlier for you.

So if you have any further questions please let us know and we'll be happy to answer them. Thank you very much.

Operator

Thank you, again. That does conclude our CVRD Third Quarter 2007 earnings conference for today. Thank you very much for your participation. You may now disconnect.