

Brazil's Vale to halve stake in Belo Monte dam consortium

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Mundurucu people rally in front of the Planalto Palace in Brasilia, on June 6, 2013 to call for more say in the Belo Monte dam project

Brazil's mining giant Vale said Thursday it has agreed to sell about half of its stake in a consortium that runs the Belo Monte dam in the Amazon.

A Vale statement said the transaction involves the creation of a joint

venture with the Brazilian power company CEMIG.

As part of the deal, Vale is to sell its nine percent stake in Norte Energia, the consortium in charge of construction of the controversial [dam](#) in northern Para state.

The statement said two distinct companies were being created to hold projects and power generation assets.

Vale will hold a 51 percent stake in Alianca Norte Energia Participacoes, resulting from the transfer of its stake in Norte Energia and the subsequent sale of 49 percent of the capital of this new company to CEMIG for roughly \$88 million.

The statement said that as a result, Vale will no longer have to guarantee part of the debt associated with the financing structure of the Belo Monte project.

A second company, Alianca Geracao de Energia S/A, will be comprised of stakes Vale and CEMIG have in several hydroelectric power plants: Porto Estrela, Igarapava, Funil, Capim Branco I e II, Aimores and Candonga.

Vale said the transaction, which is subject to regulatory approval, was consistent with its strategy of maximizing value for shareholders as it reduces capital expenditures requirements on investments related to non-core assets.



Activists dig a gap through a temporary earthen dam over the Xingu River in Para, northern Brazil, on June 15, 2012 in protest against the massive Belo Monte dam project

Indigenous tribes fear the Belo Monte dam across the Xingu River, a tributary of the Amazon, will harm their way of life.

Environmentalists have also warned of deforestation, greenhouse gas emissions and irreparable damage to the ecosystem.

Belo Monte, a \$13 billion project aiming to produce 11,000 megawatts of electricity, is expected to flood a 500-square-kilometer (300-square-mile) area, displacing 16,000 people, according to the government.



Activists occupy an earthen dam and form the sentence "Stop Belo Monte", over the Xingu River in Para, northern Brazil, on June 15, 2012

It would be the third-biggest dam in the world, after China's Three Gorges and Brazil's Itaipu in the south.

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