

# PRESS RELEASE



## **Vallourec's Brazilian subsidiary, V & M do BRASIL, develops the cleanest steel making process on earth**

*Boulogne-Billancourt, 10 February 2003* – VALLOUREC & MANNESMANN do BRASIL (V & M do BRASIL), a Brazilian subsidiary of Vallourec, world leader in the production of seamless steel tubes and specific tubular products for industrial applications, uses charcoal instead of coke in its blast furnaces. This is the most environmentally-friendly steel making process in the world. V & M do BRASIL will make the investments needed to continue to use this process and thus avoid the use of coke. These investments will be financed in part by a "carbon emission rights" sales contract created under the Kyoto Protocol.

### **The world's cleanest iron**

In order to produce the charcoal need for this process, V & M do BRASIL cultivates 140,000 hectares of eucalyptus forests in the North and North-West of the Minas Gerais region. While growing, these forests consume carbon dioxide (CO<sup>2</sup>) and produce oxygen, which contributes directly to reducing greenhouse gases. Using charcoal for producing iron reduces the amount of CO<sup>2</sup> released into the atmosphere by 1.8 tonnes for each tonne of iron produced, i.e. around 1 million tonnes a year.

To perpetuate this ecological iron making process, V & M do BRASIL plans to:

- continue to use in its blast furnaces charcoal produced from eucalyptus forests in Minas Gerais, grown and managed in compliance with Forest Stewardship Council and ISO 14001 standards.
- transform the existing 1,600 charcoal furnaces in order to reduce the emission of methane gas and particles.

The long-term use of charcoal presents social (employment, health and work conditions), environmental (biodiversity and air quality) and economic benefits. It therefore fulfils the eligibility criteria laid down by the United Nations Framework Convention on Climate Change (FCCC) and by the Kyoto Protocol. It also complies with the Brazilian government's wishes in terms of sustainable development.

### **The largest-ever sale of "carbon emission rights"**

To finance part of these investments, V & M do BRASIL has signed a letter of intent with IFC-Netherlands Carbon Facility and Toyota Tsusho Corporation for the sale of CER (Carbon Emission Rights). This sale is so far the largest under review by the Clean Development Mechanism (CDM) Council, set up under the Kyoto Protocol.



## **About Vallourec**

*Vallourec is a world leader in the production of seamless steel tubes and specific tubular products for industrial applications (oil and gas, power generation, chemicals and petrochemicals, automotive and mechanical engineering industries).*

*Vallourec is listed on the Euronext Paris Premier Marché (code: 12035).*

*Vallourec is included in the SBF 120, NEXT 150 and MID CAC indices, as well as being part of Next Prime, the new segment of Euronext. FTSE classification: engineering and industrial capital goods.*

Information also available on [www.vallourec.fr](http://www.vallourec.fr)

**If you wish to receive a complete information pack on V & M do BRASIL's environmentally-friendly steel making process or to obtain further information about Vallourec's sustainable development policy, please contact:**

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