VALE

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Proposed Conflict Minerals Disclosure – File No. S7-40-10

Rio de Janeiro, March , 2011.

Dear Ms. Murphy:

We appreciate the opportunity to provide the Securities and Exchange Commission (the "Commission") our comments on Release Number 34-63547 (the "Release"). The Release proposes rules relating to disclosure on the use of "conflict minerals" by manufacturers (the "Proposed Rules"), as mandated by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act").

Vale S.A. ("Vale"), a Brazilian company, is the second-largest metals and mining company in the world and the largest in the Americas, based on market capitalization. Vale is a reporting company under the Securities Exchange Act of 1934 (the "Exchange Act"). It is listed on BM&F BOVESPA (the São Paulo stock exchange), the New York Stock Exchange, Euronext Paris, the Hong Kong Stock Exchange and traded in Latibex (Madrid). We are actively engaged in mineral exploration in 21 countries, including several African countries, and are the world's largest producer of iron ore and iron ore pellets and the world's second-largest producer of nickel. We are one of the world's largest producers of manganese ore and ferroalloys. We also produce copper, coal, potash, phosphates, cobalt, platinum group metals ("PGMs") and other products, including gold and silver as by-products of our nickel mining and processing operations in Canada.

We write to urge the Commission to reconsider the proposed Instruction stating that "[a] registrant that mines conflict minerals would be considered to be manufacturing those minerals for the purpose of this item." Interpreting "manufacture" so broadly is inconsistent with the term's ordinary meaning and, more importantly, will not further the purposes of the statute.

It is clear from the legislative history and the language of Section 1502 that the statute is directed at the financing of armed conflict through the purchase of conflict minerals from those engaged in conducting or financing conflict. The mining of conflict minerals does not result in financing armed conflict. Nor does processing, when the processor has extracted the minerals itself. These activities contribute to economic development, legitimate employment, and tax revenues, and there is no reason to burden them with reporting under Section 1502.

Moreover, Section 1502 reporting will not elicit any useful disclosure from mining companies. Some of the provisions of the statute would not make sense if applied to companies

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that solely engage in the mining of conflict minerals. For example, it is unclear how a mining issuer would engage in a "reasonable country of origin inquiry" for minerals that it has itself extracted, or how it would exercise due diligence on the "source and chain of custody" of such minerals. It is also strange to apply the criterion that conflict minerals are "necessary to the functionality or production" to the mineral itself. Ultimately, the only information required of a miner of conflict minerals will be to state either that its mines are located in the Congo or adjoining countries, or that they are located somewhere else. But the geographic location of mining facilities is generally already required by Guide 7.

The Release refers to a letter by The Enough Project which, it asserts, advocates including mining within the definition of manufacturing. Yet the definition of "Manufactured" proposed in the letter is "[t]he production, preparation, assembling, combination, compounding, or processing of ingredients, materials, and/or processes such that the final product has a name, character, and use, distinct from the original ingredients, materials, and/or processes." This definition—in particular, the fact that a "manufactured" product is "distinct" from its original materials—supports our recommendation to exclude mining activity from the conflict minerals provisions.[1]

We would observe that the statute is already extremely burdensome, and that we see no justification for the Commission making the rules significantly more so.

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Again, we would like to thank the Commission for giving us the opportunity to respond to the Release and for taking our concerns and recommendations into consideration in the rulemaking process. Representatives of Vale would welcome the opportunity to discuss this response further with the Commission staff and are available to answer any questions that the Commission or its staff might have.

Sincerely,

Fábio Eduardo de Pieri Spina
General Counsel and Global Corporate Affairs Director

[1] The Release also notes that the United States Controlled Substances Act, 21 U.S.C.A. § 802(15) (the "Controlled Substances Act"), includes "extraction from substances of natural origin" within the definition of "manufacture" with respect to drugs or other substances. This definition should not be given any weight in determining how that term should be defined with respect to conflict minerals. The Controlled Substances Act is not a regulatory statute but, instead, a criminal statute directed at the manufacture, possession, use and distribution of illegal narcotics, many of which are naturally-occurring substances. A more appropriate statutory analog is the Consumer Product Safety Act, 15 U.S.C.A. § 2052(a)(10) (2010), which defines manufacture consistent with OED usage, as "to manufacture, produce, or assemble." *Cf.* the United States Fair Labor Standards Act, 29 U.S.C.A. 203(j) (2010), which defines the term "produced" more broadly, as "produced, manufactured, mined, handled, or in any other manner worked on."

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