

VALLEY OF THE RIO DOCE CO

Form 6-K

February 23, 2005

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**United States
Securities and Exchange Commission
Washington, D.C. 20549**

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934

For the month of

February 2005

Valley of the Rio Doce Company

(Translation of Registrant's name into English)

Avenida Graça Aranha, No. 26
20005-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82-____.)

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CVRD and Posco agreement on 2005 iron ore prices

Rio de Janeiro, February 23, 2005 – Companhia Vale do Rio Doce (CVRD), the world’s largest iron ore producer, concluded the iron ore price negotiations for 2005 with Pohang Steel Corporation (POSCO), the largest Korean steel maker. As an outcome of these negotiations, iron ore prices for Carajás (SFCJ) and Southern System (SSF) fines, FOB Ponta da Madeira and Tubarão, respectively, increased by 71.5% relatively to 2004.

CVRD and Posco developed a long and mutually beneficial relationship and the current agreement involves an amount of iron ore fines of approximately 12 million tons for 2005.

The magnitude of the price increase for 2005 reflects an unprecedented situation characterized by the disequilibria in the global metals and maritime freight markets, which led to substantial prices increases for these products and services during the last couple of years.

CVRD reinforces its long-term commitment with clients by investing a significant amount of resources, in spite of rising investment costs, in the production and logistics of iron ore. For 2005, CVRD capex budget allocated US\$ 1.7 billion for investments in ferrous minerals. Currently, CVRD is developing six projects for iron ore production capacity expansion, which will come on stream between 2005 and 2007.

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This press release may contain statements that express management’s expectations about future events or results rather than historical facts. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected in forward-looking statements, and CVRD cannot give assurance that such statements will prove correct. These risks and uncertainties include factors: relating to the Brazilian economy and securities markets, which exhibit volatility and can be adversely affected by developments in other countries; relating to the iron ore business and its dependence on the global steel industry, which is cyclical in nature; and relating to the highly competitive industries in which CVRD operates. For additional information on factors that could cause CVRD’s actual results to differ from expectations reflected in forward-looking statements, please see CVRD’s reports filed with the Brazilian Comissão de Valores Mobiliários and the U.S. Securities and Exchange Commission.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA VALE DO RIO DOCE
(Registrant)

Date: February 23, 2005

By: /s/ Fabio de Oliveira Barbosa
Fabio de Oliveira Barbosa
Chief Financial Officer