

VALLEY OF THE RIO DOCE CO

Form 6-K

July 20, 2005

Table of Contents

**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

July 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-__.)

TABLE OF CONTENTS

Press Release
Signatures

Table of Contents

CVRD starts to invest in mineral exploration in Australia

Rio de Janeiro, July 20, 2005 Companhia Vale do Rio Doce (CVRD), the largest metals and mining company in the Americas, and the Australian mining companies Aquila Resources Limited (Aquila) and AMCI Holdings Australia Pty (AMCI) signed an agreement for an exploration study of the Belvedere Coal Underground Project (Belvedere). Belvedere is an estimated 2.7 billion ton hard coking coal resource located in the state of Queensland, Australia.

Under the terms of the agreement, the Company will pay US\$ 2.5 million to each of Aquila and AMCI and is committed to developing the project to the pre-feasibility stage.

At the conclusion of the pre-feasibility study, which is estimated to take 18 months, CVRD has the option to acquire a 51% interest in Belvedere at a price of US\$ 90 million. CVRD has further options to increase its stake in the project up to 100% by acquiring Aquila's and AMCI's interests at a fair market value determined at the time of the exercising of each option.

This initiative is part of CVRD's multicommodity and global mineral exploration program.

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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.

Table of Contents

Signatures

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.

Date: July 20, 2005

COMPANHIA VALE DO RIO DOCE
(Registrant)

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