

BRASILIA

Does life begin at 50?

Incredible as it may sound, the world's most striking "capital city of the future" is about to turn 50. And while Brasilia prepares to greet middle age with perhaps a few wrinkles and a slightly larger midriff than first planned, it retains the stunning beauty that made it the architectural pinup girl of the 20th century.



Introduction

DOES LIFE BEGIN AT 50?

Brasilia was born as a bold statement of New World determination to build a better future. As the iconic capital prepares to celebrate its 50th anniversary next year, it grapples with problems and successes that its founders never imagined and is seeking new ways to grow as a center for high-tech business.

The years have been kind but also a little cruel. Most importantly, Brasilia has outgrown its youthful single-mindedness. No longer is it just a seat of government tucked away in the tropics. Today, Brasilia is carving out a new role as a center for international investment in a major emerging nation, particularly in information technology (IT) and related sectors of the new knowledge-based economy. Financial services, logistics, and tourism are also on the list.

Born of hope, Brasilia was always a child of the future. In 1891, the country’s first republican constitution set aside 14,400 square kilometers in the central *altiplano* for a new federal district. By moving the capital city to the interior of Brazil, the government sought to spread development and integrate the U.S.-sized nation, both geographically and politically. But the dream gathered dust for half a century. Then, in 1956, a brash new “yes-we-can” president named Juscelino Kubitschek said “do it,” and the new city was carved out of scrubland and woodland 900 kilometers northwest of the then capital, Rio de Janeiro. Inaugurated in 1960, it was only partly finished — modernity amidst mud.

The world knows Brasilia mainly for the futuristic architecture of Oscar Niemeyer. His work features swooping concrete curves tapering into delicate columns, often set dramatically against water. Few 20th-century buildings can surpass the modernist beauty of the Itamaraty Palace, which houses the foreign ministry and is a series of arcs in a reflecting pool, or the crown-like Metropolitan Cathedral, particularly when lit up at night.

But equally seminal, and in the long run more problematic for the city’s evolution, were the revolutionary concepts of principal urban planner Lúcio Costa. Costa envisioned Brasilia as an egalitarian city where the different social classes comprising a population of a half million people would live together in a spacious garden environment planned down to the last blade of grass. Cars would flow smoothly along strategically placed arteries, without traffic lights. There would be no congestion.

In a way it has worked, but not as Costa dreamed. In a sense, Brasilia has indeed become a classless society, but only because just about everyone who lives there is rich or at least economically comfortable. Poorer people commute into Brasilia by bus or train from a host of satellite cities 20 kilometers or more from the postcard city center. Meanwhile, the federal district has become home not to the imagined half a million people but to 2.5 million, or even 3.5 million if you count the towns of the *contorno*, lying just over the border in the state of Goiás.

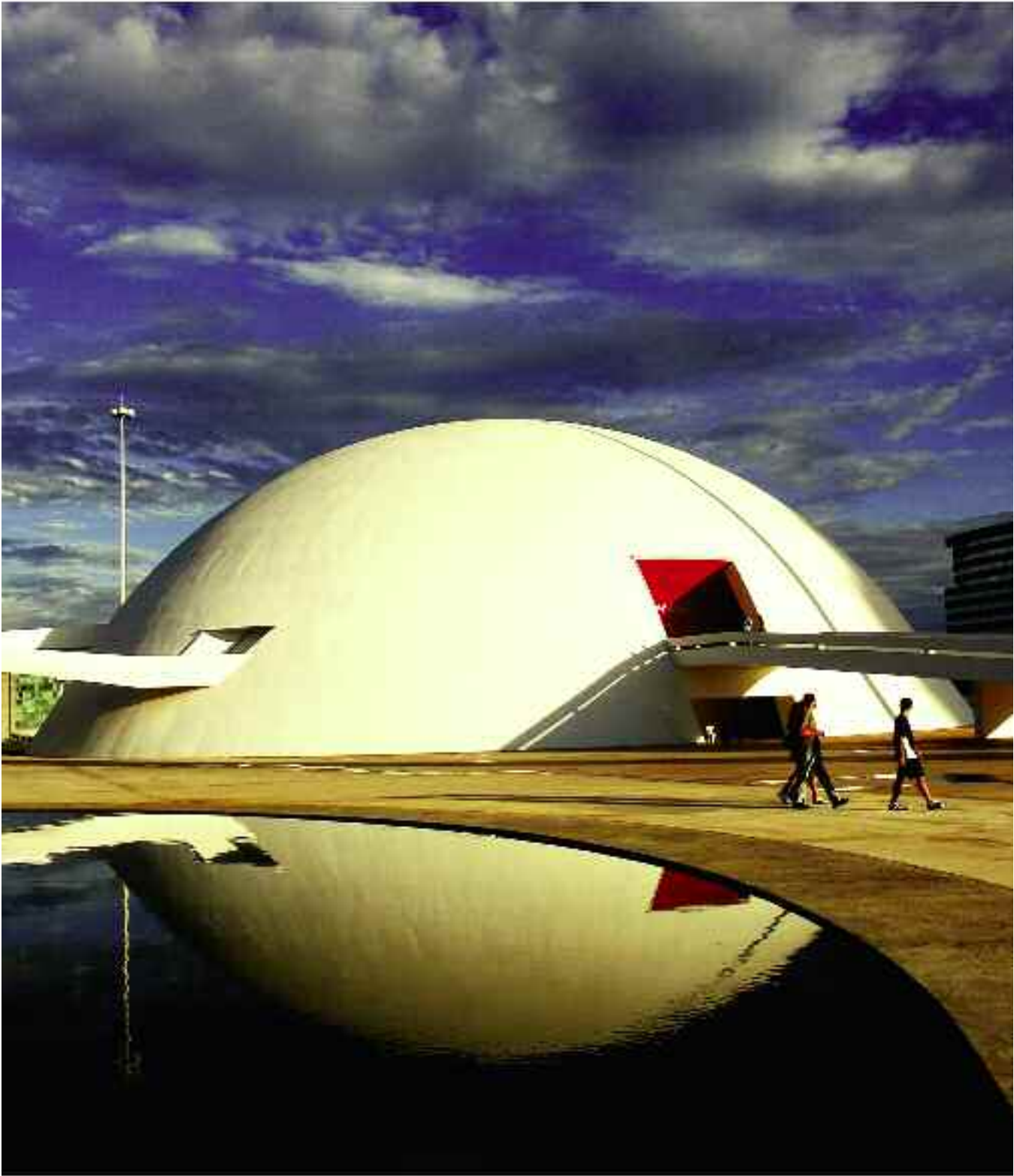
Many of these surrounding townships started life as desperately poor slums, but over the years they have acquired their own share of middle-class prosperity, in part due to overspill from Brasilia.

With the benefit of hindsight, this explosive growth looks to have been inevitable. Tens of thousands of peasants trekked to Brasilia in the early days to work in civil construction and wanted to stay. Fifty years later, the national capital still attracts poor Brazilians, in particular from the drought-plagued north-

east. Even the simplest public-sector job brings lifetime security and benefits unimaginable for a sharecropper. Of course, many migrants never achieve such nirvana, but some do, and others — or their children — go to college and move up in society.

Curiously, all this migration makes the capital a true democratic melting pot within the racial and cultural potpourri that is Brazil. Politicians and hangers-on come from all states, and the intelligentsia hails predominantly from the south and southeast. However, they’re outnumbered by migrants from the northeast and their descendants. As a result, the capital reflects the “real” Brazil more than, say, Rio or São Paulo does.

But in one fundamental way, Brasilia resembles no place else in the country: It is rich. The vast spending power of the federal government, the federal district government, and their well-paid, well-perked employees fuels a huge local service economy in everything from gas stations and restaurants to law firms and IT companies. The figures are impressive. The federal district as a whole, even counting the poorer satellite cities, enjoys a per capita income roughly double that of the richest state, São Paulo, and more than four times the national average. Brasilia has relatively more computers, broadband access, and mobile phones than any other state, and it ranks highest in terms of higher education, literacy, and longevity. All this prosperity gives Brasilia a United Nations Human Development Index ranking that rivals Germany’s and leaves the rest of Brazil far behind. ■



PHOTOS: National Congress (cover); Brasilia National Museum

Introduction

Founding Father



Brasilia began as a vision in the mind of one man – Juscelino Kubitscheck (1902-76), who served as president of Brazil from 1956 to 1961. Born the son of a traveling salesman, “JK” worked as a urologist and an army captain before coming to power with the slogan “fifty years of progress in five.” The new president promised rapid industrialization and threw himself into the project of building the new national capital, as well as promoting closer links with the United States and investment in Brazil’s nascent automobile industry. In 1964, however, the military took power and accused JK of corruption and receiving support from communists. The junta soon stripped the ex-president of his political rights. The controversial Niemeyer-designed monument in his honor, which some ideologues argue resembles a sickle, was built in 1981, overlooking the city he founded.

BRAZIL’S ECONOMIC GROWTH IS AS IMPRESSIVE AS ITS NATURAL RESOURCES.

Nuclear power plants do not contribute to the greenhouse effect. The result: clean energy and increased development.

ELETRONUCLEAR Eletrobrás Ministério de Minas e Energia

BEYOND POLITICAL CAPITAL

Today Brasilia is preparing to reinvent itself as an economic center in its own right. The federal government is carefully assessing the capital’s economic, social, and geographical strengths and weaknesses, in particular in terms of attracting foreign investment. Various public companies — Clean Energy Brazil, or CEB, and Eletronorte in energy, CAESB in water and waste water, the Banco de Brasilia in finance, Brasiliatur in tourism, and the Metrô rail company — are locked into the planning. Forget heavy industry; think first of IT-based activities, biotech, and alternative energy, sectors where the above-average educational level and presence of an excellent university in Brasilia are natural advantages.

To this end, the federal district government signed a half-million dollar agreement at the end of 2008 with the United States Trade and Development Agency (USTDA) to fund a feasibility study for the establishment of a multi-sector technological park in the capital.

The government also wishes to leverage Brasilia’s strategic location in the heart of Brazil. At one time flying south to north in Brazil meant changing planes in Rio. But now São Paulo serves as the major air hub for the busy southeast, while Brasilia’s airport connects travelers with most of the country’s major cities as well as international destinations, particularly in South America.

At the same time, Brasilia has slowly gained importance as a potential hub for the

nation’s rail network — slowly, because Brazil is a vast country and constructing new railroads is expensive. The existing rail line from Brasilia south to São Paulo will eventually be joined by another line running southeast to Belo Horizonte, Rio de Janeiro, and various Atlantic ports. And finally, the North-South Railway, now under construction, will join the Brasilia-São Paulo corridor just west of the capital. Running through vast new farming areas in the states of Tocantins and Goiás, the connection will constitute a major addition to the national rail freight network.

But Brasilia also looks westward, as part of a region that is a gateway to the huge new agricultural areas of central-western Brazil. It was no coincidence that Mitsubishi chose to build a factory in the small city of Catalão, due south of Brasília, to manufacture the pickups and Pajero SUVs so beloved by the nation’s rich soy farmers.

Tourism also holds obvious potential, thanks to the capital’s copious hotels, museums, and convention facilities. And Brasilia will most likely host games in the 2014 World Cup. But officials also see the federal district evolving into a South American financial center. Outsiders might view that aspiration as a long shot; banks have for years been drifting away from Rio and Buenos Aires and congregating in São Paulo. However, as the Brazilian capital approaches 50, the “yes-we-can” spirit of its founder still reigns supreme. ■

Interview



Q&A

Peninsula Press talks with José Roberto Arruda, governor of the federal district



José Roberto Arruda, governor of the federal district, sees a natural link between the United States’ new “president of change” and the city that has changed Brazil. He hopes the two countries will soon benefit from direct flights between their major cities and greater collaboration between U.S. and Brazilian companies.

What message would you like to send the new U.S. president about Brasilia’s plans to become an investment center within Latin America?

First, I hope that when President Obama comes to Brasília, the first thing he notices is how much it resembles Chicago, which he loves. He will see similarities in the architecture, the population, the young people, the students, and at certain times of the year, even the climate. I think Obama will be surprised at the degree of development he sees in Brazilian cities and, in particular, Brasília. I know he’s heard a lot about Rio de Janeiro, with its beautiful beaches, and Salvador, with its strong

African roots, but Brasilia synthesizes all of Brazilian civilization. This is where all our regional cultures come together. ...To know Brasília is to know Brazil in microcosm. I’m very optimistic about Brazil-U.S. relations, in particular during the Obama administration, because he’s a new and different president who has changed the profile of American politics, and Brasília has the same role in Brazilian society. It has changed the profile of Brazilian society.

You have spoken of your plans to develop Brasilia as a major air logistics center. How do you plan to increase the number of direct international flights to the capital?

We have discussed this with the U.S. ambassador, seeking to show him that flights between Brasília and Miami, Washington, D.C., and New York would be very profitable. There used to be flights on these routes in the past. Today there are five direct flights a week to Lisbon, operated by TAP, and they are always full. I have no doubt that direct flights to the United States would also

be successful. I hope that the U.S. ambassador can help discuss this with the U.S. airlines and also Brazilian companies that operate internationally.

How can you leverage Brasilia’s status as a diplomatic center to further your plans for the city and attract investment?

Having the World Cup in Brazil in 2014 will be an important opportunity for international investors, with the construction of stadiums and rapid transport systems, for example. Of course, the economic crisis has been a bit of a damper, but it should all get back to normal in a few months. I hope that the U.S. government sees that in addition to the traditional investment of the World Bank and the Inter-American Development Bank (IDB), there could be greater collaboration between U.S. and Brazilian companies. Sometimes it amazes me to see that major business groups from Spain, Portugal, and France have invested in Brazil more than U.S. firms have. Right now, we have 1,700 public works projects under way in the federal district. ■

Spotlight

SPOTLIGHT
ON BRASILIA

Digital City

Brasilia's TV Tower is a city landmark, and residents love to bring their visitors to its viewing platform. Now the capital is switching over to digital TV (to be broadcast from a new tower) and hopes to become a center for the technology in Brazil. But the digital drive goes much further. The cornerstone of this development is the "Digital Capital Technology Park." Located just outside Brasilia, this 123-hectare rural site will attract IT, telecommunications,

genetic research, and other advanced technology companies interested in collaborating with government agencies and universities. Federal district officials want to create 20,000 high-tech jobs through 2014. They also have ongoing programs to teach basic computer literacy to the general population and hope to blanket the city with WiFi Internet.



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BRASILIA
Digital city



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- 01 Looking from the TV Tower, down the Monumental Axis and the Esplanade of the Ministries to the twin towers of Congress
- 02 The National Flag Mast, seen through yet another spectacular building — Attorney General's Office
- 03 The Metropolitan Cathedral
- 04 Inside the cathedral
- 05 A striking combination of sculpture and architecture

Candangos



This iconic sculpture by Brazilian artist Bruno Giorgi (1905-93) is called *The Candangos*, which is sometimes mistranslated in English as *The Warriors*. It faces the Planalto Palace, office of the president, and honors the poor migrant laborers who built Brasilia. *Candango* was originally a pejorative term used by African slaves to describe their Portuguese masters, but it is now the name generally given to the laborers who built the new capital and by extension to the city's pioneer inhabitants. The statue stands in the Praça dos Três Poderes (Plaza of the Three Powers). It represents the three branches of government (executive, judicial, and legislative), whose buildings face one another across the plaza.



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Cathedral

The spectacular Metropolitan Cathedral is more than just a stunning shape — the stained-glass roof is about as different from that of any traditional church as can be imagined. The cathedral is now undergoing a US\$10 million renovation sponsored by Petrobras, the state oil company.



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Arcs of Triumph



It's difficult to compete with the genius of Oscar Niemeyer, but over the years Brasilia has added some exceptional works by other architects. The striking blue Dom Bosco Sanctuary was designed by Carlos Naves, a student of Niemeyer's, and is named for an Italian priest who supposedly prophesied in 1883 that a city would be built where Brasilia now stands. More recently, the 1,200-meter-long Juscelino Kubitschek Bridge, designed by Alexandre Chan, was completed over Lake Paranoá.



Critical Mass

Best business environment in Brazil (World Bank 2007 ranking)

Highest income per capita in Brazil (34,510 USD)

Highest life expectancy rate (75 years)

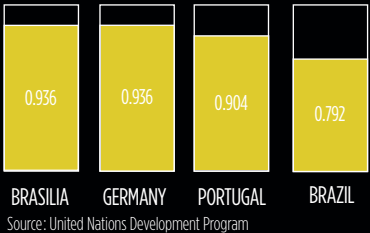
Lowest illiteracy rate (3.4% in Brasilia) (11.1% national average)

Highest Internet connectivity (29.7%)

Homes with waste-water services (90.8%)

175 embassies and 26 international organizations

Human Development Indicator Comparative



Eye on Metrô



José Gaspar de Souza
President
Metrô

Brasília may seem unique, but it shares one basic problem with more traditional cities: traffic congestion and the need for mass-transit solutions. With roughly a half million people in Brasília proper, and another 2 million commuting daily from satellite cities up to 25 kilometers from the center, the snarl of cars and buses was becoming impossible. Foreseeing the looming crisis, the federal district started building an underground metro in 1991. This subway system now stretches 42 kilometers, with 21 stations, and averages 160,000 passengers per day. Planned expansion will take it to 29 stations and 300,000 passengers per day by 2010. A dozen new trains will reduce peak waiting time from four and a half to three minutes. But that is still not good enough. At the start of this decade, the federal district had 500,000 automobiles. Now it has 1 million, and that figure is likely to double sometime between 2012 and 2014. If that sounds like a planner's nightmare, consider the following: The entire *plano piloto* (Brasília proper) is designated as a UNESCO World Heritage Site and covered by a preservation order. "We can't create new expressways or arteries; we have to manage with what we've got. We can't even make streets wider," said José Gaspar de Souza, president of the Brasília Metrô. "We can't do what Paris did in the 19th century, for example, and open up new avenues through the whole city."

At the same time, incredibly, Brasília already faces urban decay. The W3 is a main avenue running through the city. It was originally the prime location for shopping and services in the capital. But much of the better commerce has fled to giant glitzy shopping malls, unimagined when Brasília was planned in the 1950s, leaving the W3 at risk. The solution is a light-rail transit system to revitalize the avenue, which will link up with the metro. A further planned Metrô expansion will run the metro out to the airport in time for the 2014 World Cup, for which Brasília hopes to serve as one of the host cities. How is all this construction being paid for? The IDB and French Development Agency are financing the light-rail project, while Brasília Metrô itself is financing much of the metro system expansion, in part with loans from the federal government's Brazilian Development Bank (BNDES). But, says de Souza, the metro is open to private investment, for example by combining stations and shopping malls. And partial privatization, such as private operation under government ownership, is a future possibility. Spending can also be recouped by selling government-owned buildings and land next to new stations. At a planned metro station in the satellite city of Samambaia, a strip will be left for future high-rise development. "Selling these lots will pay for the metro extension," de Souza says.

What Crisis?

BRASILIA LOOKSTO THE FUTURE

While the rest of the world worries about securing jobs, trade, and investment in the immediate weeks and months, Brasilia is busy thinking about its second half century. Is this a sign of false confidence?

Valdivino Oliveira, finance secretary of the federal district, argues not: Brazil is suffering less economically than most developed countries, and within Brazil the federal district is suffering less than most states. "Our consumption here is driven by the great mass of public-sector employees, who have job security and constitutional protection against salary reduction. And our per capita income is very high, compared to the rest of the country." Nevertheless, while the heavy public-sector presence in the local economy might be welcome at this moment of global turmoil, planners see more private investment as the way forward. It's already happening, as Brasília gradually shifts away from a virtually 100 percent government-based economy. In 2008, the public sector generated 62 percent of the federal

district's gross domestic product — a marked decline from 67 percent in 1999. The 40,000-square-meter laboratory recently announced by Medley, a large Brazilian pharmaceuticals company, is exactly the kind of high-tech, low-environmental-impact investment Brasília is looking for. It will leverage the advantages of the capital, such as its well-educated population, excellent universities, available greenfield land, proximity to government agencies, and high standard of living. According to government officials, Aché, another major Brazilian pharmaceuticals laboratory, is due to open a site in the federal district in 2011, as is soft drinks giant PepsiCo. Brasília has its biggest hopes, however, pinned on IT investments. Microsoft and Indian giant



Tata already have offices in the area, either directly or via local partners. Many more such companies may be attracted by the idea of a planned "digital city" in the capital — the object of a recent agreement between the federal district government and the USTDA. According to a statement by the USTDA, "The park will offer common services and resources to high-technology and research-and-development companies and encourage cooperation between universities, research institutions, and the private sector." The government is looking for private investors to move the project ahead.

The logistics, tourism, and distribution industries also stand to gain from international investment. Wal-Mart and French supermarket chain Carrefour are present already. Opportunities also exist in commercial and residential real estate, in part because Brazil suffered no real subprime lending crisis. Organizações Paulo Octavio, a major local developer, recently inaugurated a US\$100 million residence hotel and a US\$200 million hotel and office complex. The firm is also participating in a public-private partnership to build 8,000 low-cost houses using construction technology from Mexico. ■

World Cup



Most soccer fans are dreaming of the 2010 finals in South Africa. But many Brazilian city officials have their sights set on 2014, when the world's most-watched sporting competition will take place in Brazil. The final list of host cities for 2014 has not yet been announced, but Brasília looks certain to be among those chosen. And that means big-time investment in stadiums, hotels, and logistics. Brasília's Mané Garrincha stadium — named for a football legend — will be reborn as a multi-use arena costing up to US\$400 million. Other investments include plans to expand the city's metro-rail system to the stadium. The one investment planners can't guarantee is the result: When Brazil last hosted the World Cup, in 1950, it lost the final match 2-1 to Uruguay in the specially built Maracanã Stadium in Rio.

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Caesb: growth and environmental preservation at the service of Brazil.

caesb Sociedade de Estado de GDF

GDF Governo do Distrito Federal

Tourism

DEFEATING THE CHALLENGE OF DISTANCE

Promoting international tourism in Brasilia involves a two-pronged approach: First get people to come to Brazil, then lure them to look beyond Rio, Salvador, and the Iguacu Falls. Together, federal and Brasilia tourism officials are trying to do just that.

“We want to show the world the multiple facets of Brazil. It’s a complex country that offers various experiences,” said Tourism Minister Luiz Barretto.

Last year, the country attracted 5 million foreign visitors who spent US\$6 billion. Argentines took top place, followed by 750,000 Americans. But excluding business travelers, only a handful of these individuals ventured inland to the capital. Also, no matter how much Brazil spruces up its hotels, cleans its fabulous beaches, and teaches cab drivers a smattering of English, the country faces one major and basically insurmountable problem: It’s too far from the Western world. According to the World Tourism Organization, 70 percent

of vacation flights are less than five hours. London to São Paulo is twice that. “Truth is, we’re fighting for 30 percent of the market,” Barretto said.

Recognizing that hard fact is an essential starting point when strategizing on how to promote tourism. It means Brazil has to convince the potential visitor that it’s worth the extra hours of discomfort on an airplane to travel there. In 2008, the country launched a campaign in New York, with follow-up promotional events in London, Spain, Buenos Aires,



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Chile, and Peru. Brasilia hopes that in addition to its well-known architectural delights, it can attract visitors interested in upscale niche interests like ecotourism and bird watching; the city sits amidst the savannah of the central *altiplano* and is a gateway to central-western Brazil, which is exceptionally rich in birds.

One great hope for attracting tourism to Brazil and Brasilia, in particular, is the 2014 World Cup soccer competition. The month-long, 32-nation playoffs attract hordes of fans, 1 million of whom traveled to Germany

for the championship in 2006. According to organizers, the final match in Berlin between France and Italy drew a worldwide TV audience of 715 million. “The 2014 Cup is our greatest window of opportunity this century to promote Brazil,” Barretto said.

Twelve Brazilian cities will host games. Brasilia plans to invest heavily in hotels and infrastructure and will learn from Germany how to structure these investments so that they have maximum value for the local population once the event is over. ■

- 01 Juscelino Kubitschek Bridge, over Lake Paranoá
- 02 Cathedral and Cultural Complex of the Republic



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SXC, Peninsula Press



What are your major challenges?

Here in the federal district we have achieved virtually universal coverage, but projections showed we would face a water shortage in 2011 or 2012. This, despite the fact that we have been working hard to reduce daily consumption, which is now down to 190 liters per person from around 220 liters per person in 2000. We have two major water-intake projects ready to go to tender. These will practically double our supply and certainly see us through the next 30 years. Also, we want to offer the standard of living we have achieved here to other regions of Brazil; some 50 million Brazilians still lack access to good-quality water on tap.



CAESB, Brasilia’s state-run water and sanitation company, has won awards for social and environmental quality. Now it’s seeking foreign technology and hopes to win favor with international investors for major projects.

How can foreign investors help?

We plan to invest \$1 billion reais through the next three years (around US\$500 million/year at current exchange rates). Some 10 to 15 percent of this funding will come from our own resources, and another part will be loans from institutions like the BNDES and IDB (we have a US\$100 million program starting now with the IDB). But we also want to break new ground and use a system based on asset leasing, where a private company makes all the investment and sells us a service over, say, 15 years. It wouldn’t be a traditional public-private partnership. We have also tried participating in foreign tenders, in Mexico and Peru, in partnership with Spanish and German companies.

Fernando Rodrigues Ferreira Leite
President
CAESB

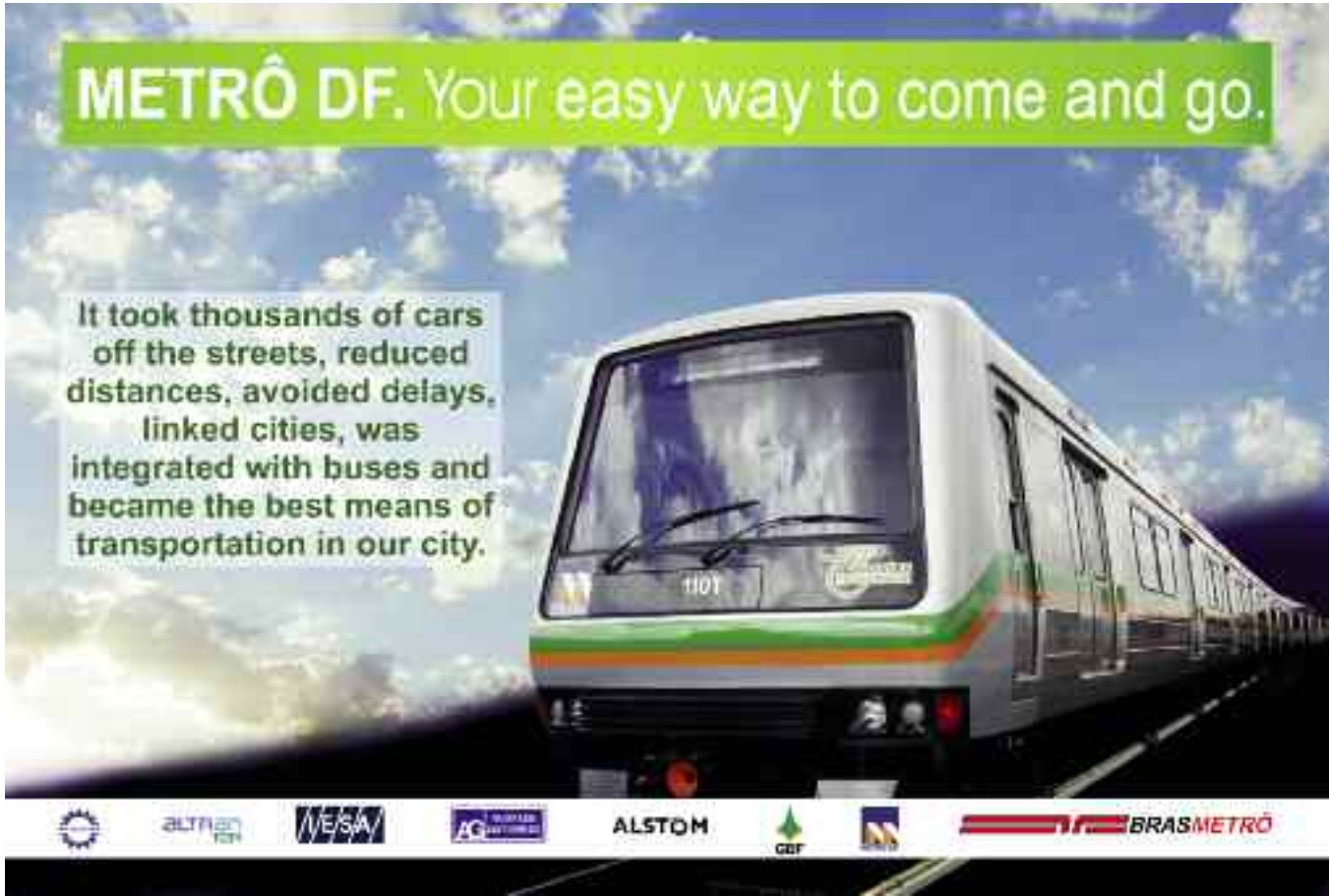


What about acquiring technology?

Our policy is to constantly seek out partnerships for technological development and to absorb experience. Right now, we are negotiating with the government of Israel, because we know that Mekorot has done a lot of development in the area of reducing losses. We also recently signed a three-year agreement with the University of Brasilia and four German universities in the area of water resource management.

You can also supply technology ...

CAESB has succeeded in achieving virtually 100 percent coverage because we have developed technology that’s appropriate to the Brazilian reality — in other words, it’s low-cost. Now we receive delegations, mainly from Africa and South America, interested in seeing what we’ve done.

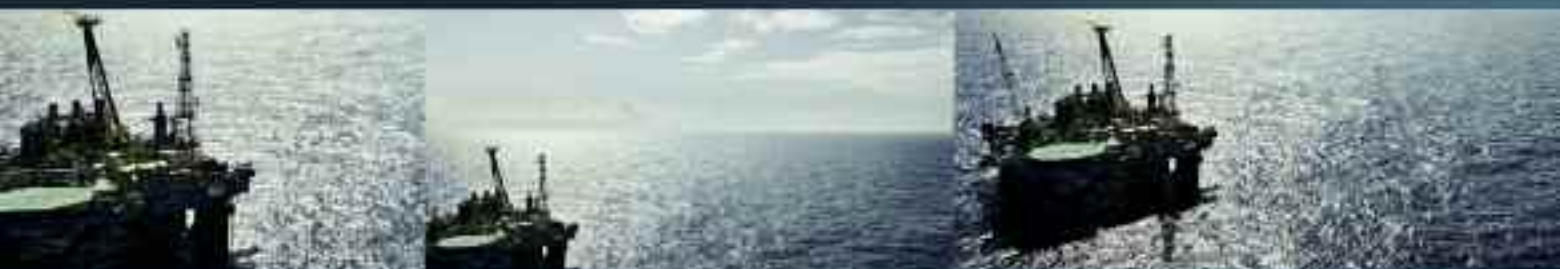




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and the most revolutionary theories.



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