

RIO DE JANEIRO

Gearing up for the Games

The Olympics and the World Cup are still some years away, but already Brazil's landmark city is planning to invest tens of billions of dollars to make sure the world can be certain of receiving a wonderful — and safe — welcome to what promise to be two parties of historic proportions.



Introduction



Sweet Victory! Rio Invests Heavily to Receive the World, Promising Peace and Comfort

Rio de Janeiro is preparing to stage the biggest sporting events in the world. Billions of dollars will be poured into everything from stadiums to sewage works, by way of bullet trains and a bus rapid transit (BRT) system. But for much of the world, the key will be curbing Rio's notorious violence. Authorities from the president down are certain it can be done.

With Brazil scheduled to play host to the world's two greatest sporting competitions in quick succession — the World Cup in 2014 and the Olympics in 2016 — the federal government is pulling out all the stops to make sure that everything goes perfectly. The two events are seen as a unique opportunity for Latin America's largest nation to advance several steps forward on the world stage.

The World Cup is a national affair. It will be staged in 12 cities around Brazil, which is as large as the continental United States. Rio is slated to host the final match in the legendary Maracanã Stadium, which boasted the title of the world's largest football venue until renovations cut its seating capacity.

The Olympics on the other hand are awarded to a city, not a country.

Rio de Janeiro has long been Brazil's "picture postcard" destination. Sweeping golden beaches like Copacabana and Ipanema, dominated by the majestic Christ Redeemer statue and the iconic Sugar Loaf Mountain, are synonymous with the country itself.

For many people around the world, Rio is Brazil. The federal government knows that promoting Rio means promoting Brazil, and there were no objections from other states — at least in public — to the massive federal support given to Rio's Olympic candidacy. Whereas U.S. President Barack Obama decided only at the last minute to go to the final voting ceremony in Copenhagen last

October, to lobby for Chicago, Brazilian President Luiz Inácio Lula da Silva had no such qualms. Ever since it became clear that, after two failed bids, Rio had a real chance of staging the first-ever Olympic Games in South America, Lula — as he is always called — threw himself into the campaign with *gusto*.

"Today, Brazil became a citizen of the world; we proved that we have the competence to hold the Olympics," Lula said, choking back tears after Rio won an easy victory over Chicago, Madrid, and Tokyo.

Billions, certainly. But how many?

Right from the start, the Brazilian federal government made it clear that it would help bankroll both the World Cup and the Olympic



Fast Facts

Major events mean major stadiums. When people recall the Beijing Olympics, they think of the fabulous National Stadium athletics arena, unofficially dubbed the Bird's Nest, and the National Aquatics Center, aka the Water Cube.

Rio's giant Maracanã Stadium will be completely remodeled for the 2014 World Cup, when it will host the all-important final game. Today, Maracanã bears only a passing resemblance to the artist's impression (left). The stadium is also likely to be used for the Olympic opening and closing ceremonies.

Games. With the two events coming so close together, much of the new infrastructure planned to be built in and around Rio will serve for both. In fact there are not two but five major global events scheduled, because Rio will also host the CISM 5th Military World Games in 2011, the FIFA Confederations Cup in 2013, and the 2016 Paralympic Games right after the Olympics themselves.

There is no reliable figure on just how much money will be invested, but it will certainly be tens of billions of dollars, driven by the two headline events, the World Cup and the Olympics. The Getúlio Vargas Foundation business school, in a study for the Brazilian Football Confederation, estimated that stadium upgrades and other infrastructure for the

World Cup could total R\$30 billion nationwide — some US\$17 billion at today's exchange rate. The Olympic Games project that Rio pledged to undertake in its winning bid carries a price tag of US\$14.3 billion. So that's more than US\$30 billion for starters.

But it doesn't stop there. The Federation of Industries in Rio de Janeiro state, for example, has thrown out the figure of R\$250 billion — almost US\$140 billion — as the total investment that Rio might receive through 2016 as a result of the two major events. Much of that would be private funding, for everything from new hotels to a new yachting marina. There will of course be copious investment in essentials like metro extensions, a BRT system, sewage, water supplies, drainage, and so on,

but such unglamorous items rarely make the headlines.

The great challenge lies in steering public money into what authorities promise will be lasting legacy projects. In other words, "things that won't be white elephants afterward". Wrapped into those staggering totals are eye-catching projects like a bullet train between Rio and São Paulo, Brazil's two largest population centers. Lying some 450 kilometers apart, the metropolises are home to more than 30 million people. Transportation engineers see that kind of market profile as tailor-made for a high-speed rail link, with or without the World Cup or Olympics. In fact, Brazil has been studying such a project for years, but the cost — now said to be anything between

Introduction

The Big Five

Rio de Janeiro will host five major global sporting events in the next few years.

CISM 5th Military World Games

2011 – The Military World Games are organized every four years by CISM, the International Military Sports Council. The games include regular Olympic sports, plus military specialties like orienteering and parachuting. Approximately 4,900 athletes from more than 100 countries compete in 20 events.

FIFA Confederations Cup

2013 – This football tournament takes place in the country due to host the World Cup, one year ahead of that competition. Eight national teams participate: the champions of the six FIFA regional confederations, plus the past FIFA World Cup winner and the host country.

FIFA World Cup

2014 – The World Cup is the most widely watched sporting competition on the planet — an estimated 715 million people, some 11 percent of the global population, sat glued to the live TV transmission of the 2006 final between France and Italy. All 64 matches drew an aggregate audience of 26.3 billion in 214 countries.

Olympic Games

2016 – The Summer Olympics in Rio will be the 31st games of the modern era. It's way too early to speculate about the lavishness of the opening ceremony, but here's a hint: The city's annual Carnival parades feature some of the world's most spectacular floats, costumes, and drumming ...

Paralympic Games

2016 – Coming after the regular Summer Olympics, the Paralympics are for athletes with physical or visual challenges. Inaugurated in Rome in 1960, the games have since grown steadily, with 4,200 athletes from 148 countries participating in Beijing in 2006.



US\$15 and US\$30 billion — is daunting. The hope is that, having invited the world to come for several major parties, Brazil will now force itself to put its house in order.

“Safer than Japan ...”

Perhaps what most concerns the international community about attending the events in Rio is the possibility of violence, particularly at the Olympics. Rio has gained fame over the last 20 or 30 years for its increasing violence, often involving spectacular shoot-outs between the drugs gangs that dominate the hillside favela shanty towns. However, Rio staged the Pan-American Games in 2007 without any significant problems, and authorities are confident they can do the same for both the World Cup and the Olympics.

“I think there’s quite a lot of rubbish spoken about Rio being very violent and so unable to host a World Cup,” Lula said just before Christmas, when he inaugurated a federally supported favela clean-up program in Rio. “The people here set a great example during the Pan-American Games, which were the best ever, because 99 percent of the people here are peaceful, honest workers. The World Cup in Brazil will be more peaceful than it was in Japan, or Korea, or anywhere else, because these people here love football.”

During the Pan-American Games, the federal government worked closely with that of Rio state, which under the Brazilian Constitution has primary responsibility for regular policing. Millions of dollars were spent on vehicles, CCTV systems, and computer control rooms. Both the federal police and the elite National Security Force were drafted in. The result was the most peaceful few weeks that Rio residents can remember.

“Of all the demands that we face for the 2016 Olympics, security is the least problematic,” said Rio state Governor Sérgio Cabral Filho. “For the Olympics and the Paralympics, we will put in 30,000 or 40,000 agents, like we did for the Pan-American Games. We’ll have special policing. What we want is to get to 2016 with good security that is decent and civilized,” he said.

In fact, Rio has a tradition of staging major spectacles. Each New Year Eve’s, the whole 5-kilometer strip of Copacabana Beach is closed to traffic for a monster party that normally attracts some 2 million revelers, who are often entertained by world-class rock stars and spectacular fireworks at midnight. Similarly, in 2006, the Rolling Stones played a free concert there to a crowd of 1.3 million, again with no trouble. ■



Sérgio Cabral Filho is governor of Rio de Janeiro state

FULL STEAM AHEAD: FEDERAL, STATE, AND CITY TOGETHER

Preparations for the World Cup are well under way, and the initial excitement about winning the Olympics is tempered with starting the hard work to get Rio city and state ready for the huge events. Even though the Olympics are technically a city event, both the federal and state governments are closely involved and working well together.

“Rio de Janeiro is the host city that has made the fastest start ever on the work of organizing the games,” Gilbert Felli, the Swiss executive director of the 2016 Olympic Games Coordinating Commission, told reporters after an intensive two-day planning session in Rio in January.

The commission, presided over by former hurdler Nawal El Moutawakel of Morocco, the first African woman to win Olympic gold (at Los Angeles in 1984), brings together 17 representatives from all continents. It is charged with helping the local Rio organizing committee to ensure that everything gets done on time.

Rio state Governor Sérgio Cabral said he was confident all would go smoothly: “We put on the best Pan-American Games in history (in 2007), and that showed the world we would be able to stage the Olympics. Brazil is going through an exceptional phase, thanks to lots of hard work, and South America will receive the greatest sporting event on the planet for the first time,” Cabral said.

Carlos Arthur Nuzman, who headed the Rio candidacy and is president of the local

organizing committee, said that the next several months would involve massive and detailed work. “This year, 2010, will be a time for planning, organization, and periodic meetings with the International Olympic Committee. They will give our local committee documents that will be the basis for developing the project — a collection of technical manuals and the general organizational structure for the games,” Nuzman said.

Next steps include cooperation between the International Olympic Committee’s marketing staff and their counterparts in Rio to study and define key commercial, branding, and communications strategies. Based on their findings, the organizers will then be able to move ahead with steps regarding sponsorship quotas and product licensing.

One early decision: Rio planned to send technical observers to the Winter Olympics in Vancouver, Canada (2010), and Sochi, Russia (2014), plus the London Summer Olympics in 2012. Indeed, shortly after Rio won the Olympic nomination last year, Lula da Silva signed an agreement with British Prime Minister Gordon Brown that paves the



Rio announces deal with Tony Blair

Rio state Governor Sérgio Cabral Filho (above) announced a paid consultancy deal with former British Prime Minister Tony Blair to advise on organization for the Rio 2016 Olympics. “Tony Blair was mainly responsible for London’s victory and for preparing the city to host the 2012 Olympics,” Cabral said after meeting the former prime minister in London. “If London has reached 2010 with everything on schedule, all works on track, it is because it laid the groundwork with planning and projects while Blair was still prime minister.” He said Blair would probably speak at a seminar in Rio in May.

way for significant cooperation between the next two Olympic cities.

Rio organizers will have access to London’s experience in terms of organizational structure, definition of the role of government, and the games’ sporting, urban environment, and social legacies. ■

Building a legacy

Marvelous Future for the Marvelous City?

Rio took special care when bidding for the Olympics to stress how it would spend funding carefully. That goes for its sporting facilities and the general city infrastructure, which will be upgraded to serve athletes and visitors. “All our investments will serve to generate real, significant, and substantial legacies for the people of Rio and Brazil,” organizers promised.



The João Havelange Stadium (left) was built for the 2007 Pan-American Games at a cost of US\$192 million. According to Rio's Olympic bid proposal, the stadium will house athletics events for the 2016 Olympics and Paralympics. Seating will be increased from the current 45,000 to 60,000, and a series of improvements around the stadium will contribute to urban renewal.

City Projects

The Port

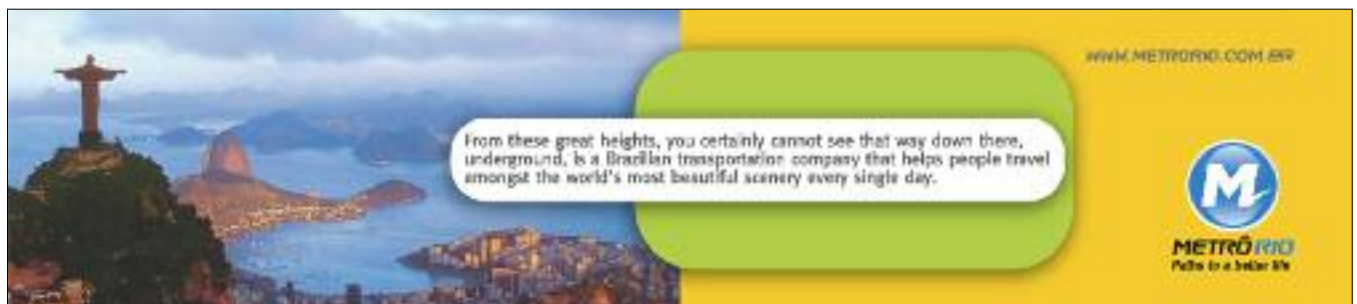
The federal government plans to invest some US\$380 million this year to upgrade passenger terminals at ports at seven World Cup hosts around the country. In the case of Rio, the investments will help renovate the historic downtown docks area, which is being transformed from cargo to passenger terminals. Some 30,000 cruise ship passengers visit Rio each year, and the Olympic project calls for 8,500 cabins to be available during the games.

Olympic Village

The village will comprise 34 new apartment blocks in a landscaped 48-hectare site. It will be built as a public-private partnership using public financing to be repaid by selling the apartments afterward. The three-bedroom and four-bedroom apartments will accommodate a total of 17,700 athletes and delegates, against a projected requirement of 16,000. The nearby Media Village will add a further 9,500 apartments with 20,175 bedrooms, also destined for private sale after the games.

Hotels

A prime tourist destination, Rio currently has some 20,000 hotel rooms in the two- to five-star range. Industry experts say the total is growing naturally by about 1,000 rooms per year, with the city projected to have around 27,000 hotel rooms by 2016. However, the government is already moving to boost hotel availability nationwide and recently announced a US\$550 million credit line via the Brazilian Development Bank for cities hosting World Cup matches.



COMPANIES TO WATCH

1 Public Transport

The World Cup and the Olympics will bring forward construction of infrastructure that the city needs anyway.



JOSÉ GUSTAVO DE SOUZA COSTA
President - Metrô Rio

"The Olympics and World Cup are essentially catalysts for necessary investments," said José Gustavo de Souza Costa, CEO of Metrô, Rio's subway system.

In terms of Metrô, that means a US\$1 billion expansion of the existing system and some US\$1.2 billion for an interconnecting BRT system that loops around the Barra da Tijuca beach zone where the Olympic Village will be located and most events will be staged.

When it bid for the games, Rio promised to spend just over US\$3.5 billion on transportation upgrades in and around the city.

"It will all be ready for 2014, 2016, of that I have no doubt," said Costa, referring specifically to his Metrô investments.

2 Power

Eletrobrás is the biggest power utility company in Latin America, with 39,400 megawatts of generating capacity, most of it hydro.



JOSÉ MUNIZ LOPES
President - Eletrobrás

"Our top priority is Latin American integration," said Eletrobrás President, José Antonio Muniz Lopes. "And our next priority is the American market."

Brazil has a nationwide power system, with major hydro-power stations often situated far from major centers of consumption, and of course, it can rain at different times in different places. As a result, Brazil in general — and Eletrobrás in particular — has great experience in designing, building, and running complex transmissions systems. As the U.S. market looks more and more to alternative power, for example wind and solar generation, it will increasingly need this skill.

"The United States now is basically composed of isolated systems," Lopes said.

3 Chemical Engineering

Created in 1989 by three friends just out of college, Chemtech is a top solutions provider to the chemical processing industry.



LUIS EDUARDO RUBIÃO
President - Chemtech

Petrobras is their biggest client, buying services such as well testing, rig operation enhancement, and platform design. However, Chemtech has projects in a dozen other countries, from the United States and Russia to Japan, Thailand, and Germany.

In 2001 the founders sold a 51 percent stake to Siemens. Luis Eduardo Rubião remains as president, carrying on a commitment to innovation, sustainability, and employee involvement that won Chemtech the title of "Best Place to Work in Rio."

"The Brazilian market is our priority right now, given the international situation," Rubião said, adding that he wanted to leverage his Brazilian leadership into a greater global presence.



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COMBINING FORCES



The state of Rio de Janeiro has the second largest GDP in Brazil. And it's one of the fastest growing states in the country. Precisely for these reasons it has been attracting more and more capital from Brazil and abroad. Major investments stand out. A few good examples are Rio de Janeiro's new ports, expanded steel mills, the development of a major petrochemical complex, and modernized roads and highways. At the same time, Rio de Janeiro's transparent public administration - combining forces with the Brazilian federal government - ensures the kind of institutional security favorable to those who are thinking about investing in the state.

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