Overview

The 2014 FIFA World Cup is scheduled to take place from June 12 to July 13, 2014 throughout 12 cities in Brazil. Rio de Janeiro will also host the 2016 Summer Olympics Games. This will be the first Summer Olympics held during the host city’s wintertime, as well as the first time a South American city will host the event. The pressure is now on Brazil to convince the world they can handle events of this magnitude.

U.S. companies interested in providing goods and services for these events will encounter a competitive environment. As such, they need to be aware of the relevant private sector, federal, state, and municipal government entities with jurisdiction over investments, infrastructure, and services for the World Cup and Olympic Games. This report highlights some of the major players involved in the state of Rio de Janeiro’s preparation for the Games, emphasizing the role of the 2016 Olympic Committee. The U.S. Commercial Service believes the Committee’s upcoming procurement announcements will provide a unique opportunity for U.S. small and medium-sized businesses to provide goods and services to Brazil.

Although more than half of Rio’s Olympics venues are already built, a legacy from the Rio 2007 Pan American Games, investments from 2010 through 2016 will reach approximately US$50 billion, including airport renovation, stadium construction and renovations and infrastructure projects – all in preparation for the thousands of tourists who will attend these major events. Unlike in London, the percentage of investments dedicated to transportation such as buses, beltways and metro lines will be higher than investments dedicated to Olympic sports projects such as arenas and stadiums. Many projects are funded through the Public-Private Partnerships (PPPs) of Brazil’s Growth Acceleration Program (PAC). All levels of the government are focused on improving the quality of life in Rio and Brazil well after both events have concluded.

The Government’s Structure

Apart from specific projects coordinated by individual Ministries, the Federal Government’s overview of the Olympic Games is three-fold:

a. The Olympic Public Authority (APO) is responsible for the delivery of major government projects and services related to the Games’ infrastructure (including sports facilities, non-sporting and transport infrastructure), interfacing between local, state, and federal
governments, and the Rio 2016 Organizing Committee. It is also in charge of the disbursal of funds, timetable assurance, and legacy assurance for Rio de Janeiro and Brazil.

b. The Brazilian National Development Bank (BNDES) will lend several US$ billion to support infrastructure projects. For example, it will lend approximately US$1 billion to the hotel industry alone. BNDES has also signed a co-finance agreement with the Export-Import Bank of the United States, and a Preliminary Commitment with the State of Rio de Janeiro.

c. The National Secretariat of Security (SENASP), a branch of the Ministry of Justice, will be responsible for overall security projects of the games.

At the state level, Rio de Janeiro’s Secretariat of Sports, Tourism, and Leisure has been given the oversight role of the new Maracanã stadium project. This stadium will host the closing ceremonies of the World Cup in 2014 and the both the opening and closing ceremonies for the Olympics in 2016.

The city of Rio de Janeiro created a Special Olympics Secretariat that will be responsible for managing part of the venues and infrastructure projects (such as Bus Rapid Transit systems, new avenues, etc.). The City also created a Municipal Olympic Company (their president, Ms. Maria Silvia Bastos Marques, is the former president of the steel company Companhia Siderúrgica Nacional - CSN), that is responsible for coordinating the municipal projects and activities related to the 2014 World Cup and the 2016 Olympics and Paralympics. As for investments, the City created an Investment Promotion Agency called RIO NEGOCIOS. The City Hall is conducting a large Port Area renewal project, involving the creation of museums, an aquarium, and other projects already under way. New hotels (17 already licensed) will be created and many existing hotels will be renovated. All projects will follow Green Building standards.

There are several other organizations and partners active in the organization of the 2016 games. They include:

- The 2016 Rio Organizing Olympic Committee, which is linked institutionally to the International Olympic Committee (IOC) and is responsible for planning and issuing the main tenders and delivery of services inside sports venues;
- The Brazilian Olympic Committee, a non-profit, private company also linked to the International Olympic Committee (IOC), which is responsible for supporting the Brazilian athletes and teams;
- The Brazilian Soccer Federation, which works with FIFA in preparation for the 2014 World Cup; and
- Industry Associations such as the Construction Association (SINDUSCON Rio), the state of Rio Federation of Industries (FIRJAN), and others.
The 2016 Rio Olympic Games

The 2016 Rio Olympic Games will feature two villages to host the athletes and media. Construction on the Olympic and Paralympics Village has already begun, and is scheduled for completion one year before the Games, in 2015. There will be 40 12-story buildings, with a total accommodation capacity of 17,700 people. The Village is close to the Olympic Park, which is the main venue for the competitions.

Beyond the Paralympic and Olympic Village, the Athletes’ Park will include a recreational sports area. This was the first installation for the 2016 Games and was completed in March 2012. It is already available for sports use by local events.

The city of Rio de Janeiro will be divided into four areas that will host the 28 Olympic sports competitions: Barra de Tijuca; Maracanã; Deodoro; and Copacabana. Four other cities (Belo Horizonte, Brasilia, Salvador, and São Paulo) will serve as venues for the Olympic soccer matches.

Altogether there are 34 Olympic venues. 18 are ready, nine will be a legacy for the population, and the other seven are for temporary use and will be dismantled after the 2016 Games.

Barra da Tijuca will be home to most Olympic sports events. The Olympic Park will be located here and the neighborhood will play host to 20 Olympic sports. The Olympic Arena, the Maria Lenk Aquatic Center, and the Olympic Velodrome, built for the Pan American Games in 2007, will be reused. Riocentro, the main exhibition and convention center in the city, has adapted some of its pavilions for sports including boxing, table tennis, badminton, and weightlifting.

The Olympic Park will host the main sporting legacy of the 2016 Games: the Olympic Training Center (OTC). After the closing ceremony of the Paralympic Games, the structure will host competitions such as basketball, wheelchair rugby, judo, taekwondo, boccia, wrestling, volleyball, handball, and goalball, and will join the Aquatic Sports Olympic Stadium, the Olympic Tennis and Hockey Centre, the Maria Lenk Aquatic Centre, and the Olympic Velodrome to form an area of 40,000 square meters that will function as the main training and developing center for Brazilian athletes.

Beach sports will be played on Copacabana Beach. Beach volleyball will have a temporary arena there while the aquatic marathon will start in the Copacabana Fort. Close to Copacabana is the Lagoa Rodrigo de Freitas, which will receive temporary and permanent investments for the installation of rowing and canoeing facilities. The Marina da Gloria will host the sailing event, and the nearby Parque do Flamengo will host cycling.

Finally, the Deodoro Neighborhood will host seven Olympic sports. As with the Olympic Park, new or renovated facilities in the region such as Deodoro Arena, the National Equestrian Center, the National Shooting Center, and the Modern Pentathlon Park will form the Olympic Training Center site. In addition to these spaces, Deodoro will also host Radical Park for the extreme sports. This area houses much of the region’s younger population. As such, the neighborhood was selected
for the home of the Olympic BMX Center, Mountain Bike Olympic Park, and the Olympic Stadium of Slalom Canoeing. After the Games, these facilities should be of use for the local population.

The Olympic Committee has provided some estimates on figures expected for Rio de Janeiro during the Games:

- 41 world championships in 17 days
- 11,000 athletes from 205 countries
- 21,000 accredited journalists + 10,000 non-accredited
- 90,000 volunteers
- Over 6.5 million tickets sold
- Over 5,000 hours of live broadcast to 220 countries; estimated audience of 4.3 billion

The Paralympics Games hosted in Rio de Janeiro will include:

- 22 sports in 12 days
- 4,200 athletes from 160 countries
- 5,500 journalists
- 30,000 volunteers
- Over 1 million spectators
- Over 300 million television viewers

**Investments**

The Brazilian government is facilitating foreign direct investment by granting special tax incentives. Federal Law 12,350/2010 (former Executive Decree 7,319/2010) grants a series of benefits to all FIFA’s suppliers and service providers. This special tax regime, also known as RECOM (Regime Especial de Tributação para Construção, Ampliação, Reforma ou Modernização de Estádios de Futebol), provides tax exemption for importation of materials and new equipment where no equivalent is produced in Brazil.

The 2016 Olympic Games is receiving special consideration for tax benefits at the state level. The ruling “Convênio ICMS 133”, from December 5, 2008, authorizes the Brazilian states to exempt sales tax of all products destined for the 2016 Games, which is also applicable to suppliers of goods and services related to the Games.

Approximately US$18.7 billion in new investment is scheduled for the development of sports complexes for the upcoming international games. Olympic-related projects include:

- An aquatic sports stadium with 18,000 seats with construction costs estimated at US$40 million.
- An Olympic Park to host gymnastics, cycling, handball, and other sports competitions with an estimated building cost of US$200 million.
- An Olympic village of 40 12-story buildings, with a capacity of over 17,000 beds, estimated at US$450 million.
- An Olympic Tennis Center with 16 courts estimated at US$45 million.
- The renovation of Maracanã Stadium, where some World Cup soccer matches and the opening and closing Olympic ceremonies will be held, will cost approximately US$435 million and will be completed by the beginning of 2014.

The estimated investment in infrastructure is approximately US$15 billion, including:

- US$5 billion in logistics upgrades at seaports and the modernization and enlargement of the two Galeão International Airport terminals (increasing the airport’s capacity from 15 million passengers per year to 25 million);
- Highway expansion for “Olympic lanes”;
- The Port of Rio area revitalization will include a new 30,000 square meter leisure area, featuring bars, restaurants, an amphitheater, a multi-use space, and parking; and
- Construction of two new subway lines and a Bus Rapid Transit system (BRT).

Note also that funding for projects is guaranteed with a significant appropriation by the Brazilian Federal Government under its “Plan for Growth Acceleration” (PAC). This program encompasses investment in three major areas:

- Logistical infrastructure (highways, railways, ports and airports);
- Energy infrastructure (generation and distribution of electricity, production, exploration and transportation of petroleum, gas and biofuels); and
- Social and urban infrastructure (sanitation, housing, subways and urban rail).

The 2016 Brazilian Olympic Committee has a budget of approximately US$ 2.5 billion. This amount will serve for the organization and execution of the Games. Some of the items it includes are catering, rental of sports equipment, temporary installations (such as for Beach Volleyball), overlay, athletes and delegation accommodations, and ticketing.

Some of the contracts awarded for Olympics and the World Cup in the city of Rio de Janeiro include:

**a. Olympic Park**

Considered the heart of the 2016 Olympic and Paralympic Games, the sports complex is being set up at the site of the current Autodromo (Auto Race Track) in Barra da Tijuca. There, 14 Olympic and 9 Paralympic sports will be played. The Park was designed based on an international urban design competition, the first held in Brazil, which received 60 studies from 18 countries. The winner was the American architectural firm Aecom, which also took part in the design of the London Olympic Park. In this project, financing of the construction is being done by putting together two partnerships - the municipal district with the private sector and the municipal district with the federal government.
The first stage of the Olympic Park’s construction will be made possible with private funds, through a public-private partnership (PPP). The city government held the competition for the PPP at the beginning of 2011 and the Rio Mais Consortium, composed of Norberto Odebrecht, Andrade Gutierrez, and Carvalho Hosken, won. Besides performing the construction work, the Consortium will operate and maintain the area for 15 years.

In the stage that will start in the second quarter of 2013, the city government will carry out Olympic Park construction projects that will have funds provided by the federal government. In this phase, the bicycle race track, a permanent facility, and temporary facilities like the Handball arena, the Tennis Center, and the Aquatic Park will be built. These temporary facilities, where possible, will be designed to be transformed afterwards into facilities like schools and public libraries, under the concept of nomadic architecture that is being developed by the municipal district.

b. Athletes’ Village

The Rio Mais Consortium will also build two other facilities located in the same area. These facilities are the Vila dos Atletas (Athletes’ Village) - where the athletes will be housed during the Games, and the Parque Carioca (Rio Park). The residents of Vila Autódromo, a community located around the location of the future Olympic Park, will be resettled.

The Consortium is also responsible for building three sports pavilions, which after the Games will form an Olympic training center for high-performance athletes. These facilities are unique to Brazil and considered to be the most modern in Latin America. Finally, the Consortium will also build a 400-room hotel and the Main Press Center, to be used during the Games and which is planned to later house a commercial company.

c. BRT Transoeste (Rapid Transport)

**Time Frame:** Construction began in July 2009 and is expected to be completed by 2012.

**Cost:** US$692.1 million

**Contracting Companies:** Odebrecht and Sanerio. The work is divided into three lots that run simultaneously. Odebrecht is in charge of the first two, and Sanerio is in charge of the third. The City Hall of Rio de Janeiro will oversee the whole project.

**Description:** Transoeste is one of the four BRTs that is a part of the road package to prepare the city of Rio for the 2016 Olympic Games. Transoeste is an express 56 km corridor linking Barra da Tijuca to Santa Cruz, in the western area of the city. It should benefit approximately 220,000 people per day and will include 53 stations. The work also includes the restoration of 255,000 square meters of roads and the deployment of 522,000 square meters of pavement. 3,650 light fixtures will also be mounted, providing new lighting on the highway.

d. BRT Transcarioca (Rapid Transport)

**Time Frame:** Construction will start in January 2011 and is expected to be completed by December 2013, before the 2014 World Cup.
Cost: US$750 million.

**Contracting Companies:** Andrade Gutierrez

**Description:** Integrated with the Transoeste BRT, the Transcarioca corridor will connect Barra da Tijuca and Galeão international Airport. It is 39km long, has 45 stations, and connects 13 neighborhoods. The system will result in an estimated 60 percent reduction of travel time, benefiting 400,000 people.

e. **BRT Transolimpica (Rapid Transport)**

**Time Frame:** Construction began at the end of 2010 is expected to last just over three years.

Cost: US$800 million.

**Contracting Companies:** Construction will be led by the Rio Olímpico Consortium, formed by Invepar, Odebrecht Transportation, and CCR, who won the tender.

**Description:** Transolimpica will be around 23km long and include 18 stations, connecting the neighborhoods of Recreio and Deodoro, shortening the movement of athletes between the Olympic facilities. Unlike Transoeste and Transcarioca, it can be used by cars (50,000 estimated, per day) and won’t have any intersections or lights. The system will benefit 400,000 people and will have a toll system connected directly to Transcarioca and Transoeste. Pedestrians will have access to priority crossings, wide sidewalks, bike lanes, and bike racks at stations.

f. **Porto Maravilha (Port Revitalization)**

**Time Frame:** Phase 1 started June 2009 and should be ready for the 2014 World Cup. Phase 2 began in the first quarter of 2011 and should be ready for the 2016 Rio Olympics.

Cost: Phase 1 received US$175 million. Phase 2 received US$1.75 billion of the Redundancy Guarantee Fund (which includes US$439 million granted from The Federal Savings Bank in Rio).

**Contracting Companies:** The Porto Novo Consortium, made up of Odebrecht, OAS, and Carioca Engenharia won a US$3.4 billion tender on October 2010 to carry out phase 2 of the project. It is a 15-year agreement between the Rio de Janeiro City Council and Porto Novo, which represents Rio de Janeiro’s first PPP.

**Description:** One of the highlights of the Rio 2016 Olympic efforts is the revitalization of the port district of Rio de Janeiro. In addition to being home to the Media Village (intended for print media and also to the holders of the rights to broadcast transmission), the site will have other facilities, including a Non-Accredited Media Center, Main Operations Center (MOC), Operational Technology Center (OCD), Uniform Distribution Center (UAC) and Main Accreditation Center (MAC). Phase 1 is ongoing, including the construction of the Rio Art Museum and the Museum of Tomorrow, the renewal of the Praça Mauá and the Mauá Pier, renewal of one million square meters of existing infrastructure (with potentially the development of a further five million), renovation of pavements, parks and squares, as well as the planting of trees and the restoration of native mangrove species. The ambitions of Phase 2 of the project are more wide reaching, designed to raise the standard of living for current residents of the port district. The aims of Phase 2 include the installation of new sewage networks, in addition to improvements in water, electricity, telephone and piped...
gas infrastructure. Traffic flow in the district will also be completely reorganized as 4km of tunnels, on-ramps, bike lanes, and bus stops are constructed and the Perimetral Overpass is demolished.

g. Maracanã Stadium (Renovation)

**Time Frame:** Construction began at the end of August 2010 and completion is expected in December 2012, prior to the 2013 Confederations Cup.

**Cost:** US$200 million

**Contracting Companies:** Rio de Janeiro Public Works Company is responsible for the project and renovation is funded jointly by BNDES and the State Government of Rio de Janeiro. Construction work is being done through a partnership between Odebrecht and Andrade Gutierrez.

**Description:** Capacity of the stadium will drop from 86,000 to 76,000 and will provide 14,000 parking spaces, in line with FIFA recommendations. In addition, a roof to cover the entire public area will be added to the five-story stadium and all seats will be replaced. The renovation will convert the Maracanã into a multi-purpose arena complete with bars, restaurants, and shops. To boost accessibility and security, four ramps will be constructed. The upgrade will allow for full evacuation of the stadium within 8 minutes. A new hospitality area will also be constructed on the west side of the ground floor. It is intended for athletes, media, and guests of FIFA. Also, the area will be equipped with locker rooms that will have direct access to the field. The north side of the stadium will be devoted to operational support services. The west side of the stadium’s top ring will have 3,000 seats for the media. Two floors will feature 88 boxes, each measuring 50m² and with the capacity to accommodate up to 30 people. The Celio de Barros Stadium, a neighboring stadium often used for international competitions, will be fitted with a 10-hectare center for media and a 7,159m² broadcast compound.

h. Galeão - Antonio Carlos Jobim International Airport (Renovation)

**Time Frame:** Construction began near the end of 2009 and is expected to be completed by mid-2011, while the extra parking will not be finished until May of 2013.

**Cost:** US$178 million

**Contracting Companies:** Not yet defined. The current government’s intention is to prevent the participation of contractors, as occurred in the February 2012 auctions related to the Airports of Guarulhos (São Paulo), Viracopos (Campinas, State of São Paulo) and Brasília (Federal District). At the time, all 11 groups who entered the contest had the presence of giant national construction companies such as Odebrecht, Queiroz Galvão, CCR (Camargo Corrêa and Andrade Gutierrez) and OAS (Invepar). As major investments to expand capacity of Galeão’s terminals have already been made by Infraero, linked to the Brazilian Ministry of Defense, the Dilma administration has made it clear that the presence of contractors is unnecessary, being that the ultimate goal is simply to improve the current airports’ management capacity. In any case, a final announcement should be made by the end of October 2012.

**Description:** The upgrade is meant to increase annual handling capacity of the airport from the current 18 million to 44 million passengers per year. The upgrade will include the
renovation of both terminals and the runways. The project will also include modernization of passenger gates and construction of new parking areas. Construction work at TPS1 is expected to be finished by February 2011. Work on TPS2 should be finished by the first half of 2011, and the extra parking areas will be completed in May 2013.

Long Term Opportunities and Contracts for the Olympics and World Cup include:

a. Olympic Aquatics Stadium

**Time Frame:** Construction for the permanent structure is planned for 2013 and will be completed by 2015. Temporary work on the Aquatics Stadium is expected to begin in 2015 and completed in 2016.

**Cost:** US$19 million for the permanent works and US$9 million for the temporary works.

**Contracting Companies:** The Rio Mais Consortium won the tender for the construction of the stadium, which is part of the Olympic Park.

**Description:** The stadium is planned to be built in the Barra da Tijuca neighborhood of Rio de Janeiro. The venue will host the swimming and synchronized swimming events for the 2016 Summer Olympics. The planned design of this facility is similar in appearance to the Beijing “water cube” both in shape and in its futuristic feel. The building will replace what is currently a public park, and will have a maximum capacity of 18,000. The initial architect on the facility is BCMF Arquitetos.

b. Olympic Tennis Center

**Time Frame:** Construction for the permanent structure is planned for 2013 and to be completed in 2015. Temporary works on the Tennis Center are expected to begin in 2015 and completed in 2016.

**Cost:** US$23 million for the permanent works and US$9 million for the temporary works.

**Contracting Companies:** The Brazilian Federal Government is in charge of the design, construction tender, and approval for the construction of the Tennis Center.

**Description:** The Tennis Center is planned to be built in Barra da Tijuca. The venue will consist of four separate tennis courts and will host the tennis events for the 2016 Summer Olympics. Seating capacity for the Center is expected to be 10,000 for the center court, 8,000 for the show courts, and 250 people for match courts.

c. Golf Course

**Time Frame:** Executive project should be ready by April 2013. Construction will begin afterward and should be ready by mid-2015.

**Cost:** US$197,000 for the executive project and US$30 million for construction works.

**Contracting Companies:** Architects Pedro Évora and Pedro Rivera, from Rua Architects, won the contest to design the structure that will house the social and service areas of the Golf Course for the Olympic Games in 2016. The field design is being developed by the U.S. firm Hanse Golf Course Design, also chosen through tender last March.

**Description:** The facilities of the social area will be built on an area of 950 square meters on the Marapendi Reserve, in Barra da Tijuca. These facilities will be built via a PPP between the
municipality, the Olympic Organizing Committee, and a consortium formed by RJZ Cyrela and executive Pasquale Mauro. The consortium will bear the costs of the construction and is allowed to build luxury estates surrounding the field.

**Olympic Procurement Opportunities**

The 2016 Rio Organizing Olympic Committee will pay special attention to sustainable development in their procurement announcements. However, unlike other procurement opportunities in Brazil, it is our understanding that there will not be as strong of an emphasis on local content requirements since the services will be considered a one-time purchase. Therefore, U.S. firms that are not invested in Brazil may still have a strong incentive to bid on these projects, especially firms that have had experience supplying goods and services to previous Olympics or major sports events and can address Brazil’s sustainable development goals within their bids.

Brazilian Constitution provides that all governmental purchases, at Federal, State and Municipal levels should be contracted through public tenders. This is regulated by the Brazilian Bid Law (Law 8,666/1993). The procurement process for the Olympic Games will be announced in early 2013 on the Rio 2016 Olympic Committee Website (http://www.rio2016.org/). This will include the Supplier Portal where interested companies can register. All procurements for the 2016 Games should be finalized by 2014 and implemented by 2015, according to the Committee’s Supply Chain Program below:

### Supply Chain Programme

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U.S. companies interested in learning more about the procurement process can stay informed through the Committee’s website or by contacting the U.S. Commercial Service.

There will be opportunities for U.S. companies to help Brazil improve its infrastructure through Public-Private Partnerships at all levels of government. In order to do so, foreign companies must have a Brazilian representative participating in the public tenders.

For any additional information, please contact the U.S. Commercial Service at:

Patrick Levy
Business Development Specialist
55 21 3823-2413
Patrick.levy@trade.gov