

Rio de Janeiro®

Creating an Olympic legacy

After London's spectacular performance, Rio has assumed possession of the Olympic torch. One of the most beautiful cities in the world is tackling its most enduring challenges, redefining itself as a global business hub and creating a legacy that will last long after the flame goes out.



Rio strikes gold

Writer: Doug Gray

Infused with a new-found optimism, Rio de Janeiro is sambaing its way into the hearts of investors and travellers alike, as this hip, happening city takes centre stage as a new hotbed of opportunity.

Brasilidade^{#1}

Informality, creativity and a staunch determination to maximise the opportunities that Brazil's stability offers are at the heart of the new Brazil, where the welcome remains warm, but lazy stereotypes no longer apply.

Brasilidade, or Brazilian-ness, overcomes the pitfalls of most broad generalisations despite the diversity of this continent-sized country. Tribal at heart, European by design and African by history, the blending of these strong cultures and their descendants' determination not to allow any one element be consigned to the history books are what underpins the Brazilian collective spirit and warmth. After a century of lurching from monarchy to republic to dictatorship before truly finding democracy, enduring repeated economic crises and corruption scandals, Brazilians are now allowing themselves a cautious optimism for the future. That through such turmoil they have projected a joy and charm that has caught the world's imagination is no coincidence. Drama, be it the government freezing bank accounts, real-life shoot-outs on the streets between police and gangs or the beloved *novela* soap operas, has been a daily reality, dealt with in the knowledge that one day's headlines will invariably out-shock the next. Nothing in Brazil is taken for granted. *Brasilidade* is about relying on creativity and entrepreneurial spirit, avoiding confrontation and working around problems. 'Cannot' isn't a word you will hear uttered very often.

Eyed for decades by investors keen on its vast natural resources and economic potential, today Brazil has become the 'country of tomorrow', and nowhere is flying the flag as high as Rio de Janeiro. The sense of opportunity is palpable. No-one wants to be left behind, from the well-heeled prospective residents of upcoming, ambitious developments in the Port Zone and Barra, to the poorest families just entering the housing market. In the aftermath of the 2016 Olympic Games, the new port will be hitting its stride, the *favelas* will be well-connected neighbourhoods and Rio will be a modern, global hub for business and pleasure. The planning and funding for the overhaul of transport networks, housing and a huge security operation have come from an unprecedented alignment of policy at all levels, as well as oil

revenues from the discovery of offshore deepwater reserves. The city today buzzes with a determination to boost the skills of the workforce and create a flourishing business environment. Rio's success story is about far more than oil discoveries and timely sporting events, however. Sergio Cabral's determination to get his house in order following election in 2006 translated into a modern approach to running the city. Eduardo Paes was elected as mayor the following year on the back of a zero tolerance campaign, which echoed the Giuliani years in New York. Like Cabral, Paes quickly assembled a team of secretaries to implement his vision of Rio as an efficient business hub, cultural centre and tourism magnet capable of hosting the biggest events in the world. Marketing the city's beauty abroad has never been much of

a challenge. Overcoming the beach-and-samba stereotype and emerging from the shadow of business-minded Sao Paulo to attract multi-national companies, however, has proven less simple. But with new organisations like Rio Negocios, designed specifically to sell Rio's new-found business acumen and investment-grade economy, the city is now emerging as a commercial destination. "With the current improvements in infrastructure and our business environment, in four years' time the city will be a globally competitive destination for new businesses," says Marcelo Haddad, Rio Negocios' executive director, "and that is the greatest legacy we can pursue." What for so long had looked like a hopeful motto striped across the national flag, the phrase 'Order and Progress' is suddenly resonating loudly. «



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Back in fashion

Writer: Doug Gray



Rio is in the midst of a renaissance, and international events are flocking to share in the limelight.

Far from struggling to find its way amid the global economic uncertainty of the past five years, Brazil, and more specifically Rio, has bounded forward with an enviable, uninhibited confidence. The city's landmarks, from the golden beaches to Sugarloaf Mountain, may forever be its icons, but there is an altogether more intangible effect of the city's current regeneration on the psyche of its inhabitants. As the world's media finally focuses positive attention on the city of 8 million, the once inward-looking cariocas (people from metropolitan Rio) are increasingly imbued with a new sense of pride in their growing position within the world. London was still basking in the afterglow of its Olympic success when President Dilma Rousseff suggested that Rio would be more than capable of outshining its predecessor's efforts. Indeed, there can be little argument that all the ingredients are in place to make the 2016 Games at the home of the self-styled 'Greatest Show on Earth' – the annual Carnival parade – the most memorable Olympics ever. From the warmth of the locals' welcome to the strength of their culture, the opportunity to show off the best of Brazil is one that neither the organisers, the government nor the population at large are prepared to waste.

A quick look at the performers involved in Rio's section of the London closing ceremony indicated where the city is coming from. About as far removed from the Spice Girls as was possible, Rio's eight-minute segment included a performance from a council street cleaner who inadvertently became a Carnival celebrity after dancing rather than sweeping with his broom in 1998. He joined Seu Jorge, himself brought up in one of the poorest neighbourhoods in the north of the city, and veteran rapper BNegao in paying homage to one of



Making of Rio 2016 logo

Three figures in an animated hug make up the Rio 2016 logo, created in the city's office of Tatil Design de Ideias but using the input of their colleagues up and down the country.

The combined form symbolises the collective spirit of the city and its movement whilst spelling the word Rio and showing the curves of Rio's most famous landmark, Sugarloaf Mountain.

Within a single, three-dimensional form, there is an emotion and flow that the designers knew had to be both innovative and universal at the same time. The famous 'abraço' (hug) beloved of carioca men saying goodbye to each other is now ready to become a global emblem of the city.

Brazil's greatest composers Chico Science. Within that diversity lies the charm and endearingly effortless cool that the world is ready to buy into.

All of which means the desire to be associated with the city is stronger than ever. Madonna, playing at the newly built "Parque dos Atletas" in early December, has been a regular presence in recent years alongside billionaire business mogul Eike Batista, who has just bought into the world's biggest festival, Rock in Rio, which returns in 2013 with another impressive line up of rock and pop megastars.

Thanks in part to a cultural exchange with the UK, the arts are thriving, with recent exhibitions by the likes of Anthony Gormley and Brian Eno. A fight to save a disused chocolate factory-turned-art studios by the Port Zone (itself set to receive projects from Donald Trump and Norman Foster) ended this year with a preservation order for one of the most important creative hubs in the city. Long-neglected ties between the two countries are being reinstated both culturally and professionally as Brazil looks to make its mark on the world.

Communicating and disseminating these new ideas throughout the world has been another key factor in the renaissance. No other country has taken to Twitter with such gusto in the last twelve months and Brazil is now second only to the USA in its number of 140-character accounts. Spreading this rich supply of source material for brand Brazil, be it the innovation, entrepreneurialism, and creativity of its people or their grinning faces, has never been easier, and the world has become a captive audience. The World Cup and Olympics may have been the catalysts for all eyes to turn on the country, but, just as importantly, Rio certainly isn't afraid of hogging the limelight as the world's most fashionable city. <<<

Brasilidade #2



Roberto Medina | Creator of Rock in Rio

Businessman Roberto Medina's desire to stage the planet's biggest music event – Rock in Rio – was not shared by the international industry back in 1985. When his attempts to sign up big American acts went ignored, he took the Brazilian approach. Calling up Frank Sinatra, who had played Rio's Maracana in 1980, he persuaded him to help gather the US media to hear his plans. "Suddenly there was a line of agents at the hotel door," recalls Medina. "It was amazing. I signed the most important bands at the time and we hosted the biggest festival in the world."

Rio brands Brazil

The city will become even more established as the face of Brazil over the next few years, but this runs far deeper than just hosting a successful Olympic Games.

It is impossible to talk about 'brand Brazil' without mentioning the jewel in its PR crown: the tourist hub, the growing business centre and the urban landscape that was this year awarded World Heritage status by UNESCO. Rio, from its climate to its innate energy, epitomises the warmth of the Brazilian people. It is the birthplace of samba, the home of Carnival and, now, host to the country's global events. The Olympics might be hosted by one city, but the pride of the country burns brightly within the flame that London has passed on.

The urban embodiment of the Brazilian way of life, Rio has once again begun to be able to outwardly project the joy of its people. The natural beauty of the city's beaches, lagoons, mountains and rainforest make it one of the most photogenic urban environments in the world, but it is the arrival of financial security that has brought its sense of vitality back to the surface.

"Rio is the face of Brazil," says Maria Silvia Bastos, president of the Municipal Olympic Company.

Attracting global names



Mike Dolan, Alan Adler and Eike Batista

Brazil's wealthiest man, Eike Batista, joined forces with IMG in 2011 to create the entertainment giant IMG, designed to bring expertise to running some of the country's World Cup stadia as well as attracting global names like Cirque du Soleil and the ATP Tennis tour back to Rio.

"When Rio was in decline, the whole country suffered. When Rio rises, it carries the country with it. Ultimately, every Brazilian is a little bit carioca."

No longer are corruption and favela violence the city's most talked about facets. Instead, the city is emerging as a global presence and one of the most vibrant places on the planet, with which people and companies actively want to be associated. Sandwiched between the 2014 World Cup and the 2016 Olympic Games, Rio de Janeiro celebrates its 450 year anniversary, and it would be unwise to suggest that cariocas will celebrate that birthday any less than they will a World Cup final.

If it was East London that benefited most from the 2012 Games, Rio as a whole will receive the boost it has long needed in order to become a more effective city on an international level. The Britishness of this year's Games was one of the strongest themes to emerge from July, and Brasilidade – its altogether different Brazilian equivalent – will be to the fore and polished off with the essence of Rio. <<<

A diplomat's view

Q&A

Paula Walsh

HM Consul General in Rio de Janeiro



In 2010, Paula Walsh became HM Consul General in Rio de Janeiro, marking a period of renewed interest for the UK in the Latin American giant.

How do you think Rio's approach to the Games will differ to London's?

Every city has a different objective, but one of the things that London showed is that every Games should be different and that's actually the pleasure of them. London didn't need to compete with Beijing, and Rio doesn't need to compete with London because their identities are different.

Can 2016 match London's experience?

I think Rio will be a fabulous Games; it's the first Olympics in South America and the city is just an amazing backdrop for these sorts of events. It's a great opportunity for Rio and they're going to have a fantastic journey. There are lots of challenges and I think there was a huge sigh of relief after London. It went really well, but that was the result of a lot of hard work and planning and these things don't happen by accident.

How important is the Olympics to Rio in terms of projecting and promoting its identity?

Brazil and Rio have a hugely rich history and culture that they can show the world. The world knows bits of it but not the full extent of what Rio has to offer. In the closing ceremony in London, they had the chance to challenge the stereotypes. The Games is an opportunity

to present to the world an up-to-date image of what Rio is.

Relations between the UK and Brazil have been strengthened by the Olympics, so how do you keep that momentum going?

In many ways the opportunities are becoming clearer and clearer. We have done 160 missions between the UK and Brazil since the signing of the 2009 agreement of cooperation between the two countries. It has been such a fantastic coincidence to have the Games in London and then in Rio, with the benefit it brings to the strengthening of our bilateral relationship, not just in sport but across the board in terms of discussions that people have had on health or on customs issues or legislation. This is increasing the understanding between the two countries in a way that would have taken a lot longer without something like Olympic Games.



Security and social inclusion

The ongoing *favela* pacification program is not just bringing peace to the streets of Rio, but opportunity and dignity back to its poorest communities.

Writer: Doug Gray

The 1992 UN Earth Summit in Rio de Janeiro produced plenty of rhetoric for the global development of society, but there was little inward scrutiny from the city's authorities of the social problems blighting their own hillside communities. Approximately 1,000 *favelas* housed around one million people on the fringes of society and in the shadow of warring drug factions. By the time of the UN's Rio+20 in June this year, the very same *favelas* were firmly in focus and high on the conference agenda, the success stories of their pacification being trumpeted loudly. In Copacabana's Babilonia community, where teenage gang members once patrolled the streets with semi-automatic weapons, there were now heads of state marvelling at the possibilities of transforming their own poor neighbourhoods. Behind this dramatic swing in attitude was the 2007 appointment of Jose Beltrame as secretary of state for security by Rio governor Sergio Cabral, and it was with the governor's backing that Beltrame's concept of installing police pacification units (UPPs) into the *favelas* was put into practice.

"What I did, the whole of Rio knew had to be done," said Beltrame of the operation. "It wasn't copied from New York or Colombia, nobody studied at Harvard for what we did here. We simply did what the cab drivers, students, police, media, everybody knew had to be done. But you have to have the courage to take it on." The first *favela* to receive a UPP, Dona Marta is in the lee of one of the city's greatest icons, the towering Christ the Redeemer. The Comando Vermelho gang had rendered the hill off-limits to outsiders, but since the police invasion on 28 November 2008, its peak has become a genuine tourist destination, hosting everything from extreme mountain biking competitions to pop video shoots and blockbuster films.

On 17 October 2009, two weeks after it was announced that Rio would host the 2016 Olympic Games, a gang shot down a police helicopter over the city, killing both

Rebuilding society

Coordinating the state and municipal authorities in the delicate arena of newly pacified *favelas*, La Rocque has brought a sustainable agenda to help mitigate problems for both state and residents.



"The pacification units cannot do it all. There is important social work to be carried out and to be carried out quickly in these communities in order to consolidate their work... society itself needs to participate."

Eduarda La Rocque
President, Instituto Pereira Passos

pilots. Thanks largely to Beltrame's vision and the provision of vast funds, the event sparked another wave of pacification, beginning on Christmas Eve in Cantagalo and Pavao-Pavaozinho in the heart of affluent Ipanema. Three years later, thirty such communities in all corners of the city have received UPP units and are thriving in their new-found liberation.

"We needed to re-establish control over territories lost to traffickers and regain the trust of local communities by showing them that it was more beneficial to them to be on the side of the state" said Beltrame.

The successes have allowed the colour and culture of the *favela* communities to return. Their association with violence removed, the stigma is also slowly being dissolved. Today, the stereotypes that had separated the *asfalto* (the street) and the *morro* (the hillside) have been eradicated through NGO social inclusion initiatives and huge state infrastructure projects.

The second stage of the pacification process will take longer to bed in but there is similar determination to succeed. Filling the void left by the gangs is an ongoing battle, but crucial to ensuring the inclusion of the once-maligned neighbourhoods into the rest of society.

To do this, mayor Eduardo Paes has drafted in Rio's former treasury secretary Eduarda La Rocque as head of a new department, UPP Social. Having been responsible for hauling the city's finances from the brink of disaster up to investment grade on a par with the whole country, her next task was to ensure that the security benefits brought through the UPPs and community policing actually result in tangible improvements for residents on the ground. "We need a sustainable plan. We have to associate public investments with other sustainable solutions for the social, economic and urban integration of Rio's *favelas*," she said.

Pointing towards what she calls a 'mobilisation of civil society', the opening up of the hills has lifted the city, and children as young as fourteen are now able to train

Q&A

Luiz Fernando Pezao
Vice-governor, State of Rio de Janeiro

Full Q&A
guardian.co.uk/
the-report/
riodejaneiro

In his roles as both vice-governor and works secretary for Rio state, Luiz Fernando Pezao has been alongside the governor Sergio Cabral during a period of far-reaching social reform. Responsible for implementing the federal Programme for Accelerated Growth (PAC) in Rio, vast investments were introduced hand-in-hand with the high-profile pacification of *favelas* such as Rocinha, Complexo do Alemao and Cantagalo, improving sanitation, amenities and security in the liberated communities. Pezao is a front-runner for the governor's role when Cabral steps down in 2014, two years before the city hosts the Olympic Games.

How do you prioritise funding between so many key projects?

Everything takes priority. We have a state to run, not just a World Cup and Olympics to organise. We are going to invest £923 million in our roads, and are starting to focus increasingly on public-private partnerships for hospitals, sanitation and roads.

In Manguinhos, despite the violence there, we built more than 1,000 housing units and changed the lives of the people. Some of them lived with animals in neighbourhoods nicknamed 'Pigsty I' and 'Pigsty II' and it really affected me to see so many mayors come and go and do nothing about it, but now we can see the effects of peace.

"Violence was bound to blossom because of how those citizens were being treated"

How dramatic are the changes you have seen in Rio as Vice-Governor?

Sergio Cabral gave (Rio mayor) Eduardo Paes a new and different city. Before Sergio Cabral, there was no government, dignity or citizenship for more than a million people. Violence was bound to blossom because of how those citizens were being treated.

Are these changes financially sustainable through to 2016?

The state has an extraordinary economic agenda and has attracted a lot of investment. We have to be daring. If we wait until the money is already there, things won't get done. We have to believe but with our feet on the ground. The previous administration hired 600 police officers in one year. We have been hiring almost 600 per month.

Where do you go from here?

There is still a lot to do. But we've advanced in health, education, and

"We needed to reestablish control over territories lost to traffic dealers, regain trust from local communities by showing them that it is more beneficial to them to be on the side of the state"

Jose Beltrame
Secretary of state for security



to be tour guides for their neighbourhoods. As foreigners turn to *favela* guesthouses to avoid the prices of those by the beaches, integration is gaining momentum, businesses are taking off and companies are taking notice. Following Santander's lead, the CAIXA bank now has branches in Rocinha and Complexo Alemao and is able to provide credit to locals who are in turn unwittingly becoming part of a new and booming legal economy. «



Brasildade #3



Eraldo Carneiro
Head of the International Corporate Communication Department, Petrobras

“Reputations are built not just on what you do, but how you do it. Petrobras has repeatedly shown that it can overcome its challenges in a friendly manner, because the company understands that it is a fundamental value of the Brazilian culture. It is always good to compare companies with people. Foreigners’ experience with the Brazil brand is that we are happy, open and eager to socialise with other people. That is the Brazilian way.”

Laying the foundations of a stronger housing market

Writer: Doug Gray

📌 The largest public bank in Latin America, CAIXA has been responsible for funding an ambitious federal programme to tackle Brazil’s housing deficit.

➊ Easing Brazil’s poor into the housing market is arguably one of the best ways to ensure that they don’t get left behind on the country’s journey to greater stability and a surer economic footing. In 2009, a federal programme entitled *Minha Casa, Minha Vida* (My House, My Life) was launched to help overcome the uncertainty of millions over the ownership and, in the case of Rio’s *favelas*, the very legality of their family homes. Positive legislation and huge investment would in turn raise living standards and continue the important push toward wider social inclusion.

Launching the second phase of the project earlier this year, President Rousseff declared that building a house was “much more than construction work. It is building a dream.” The crucial emotional link between the people and their homes was made explicit from the outset. In Rio, the logical next step of recovering control of the hillsides was to offer *favela* residents the chance to enter the housing market and buy into their rebuilt community.

CAIXA’s president, Jorge Hereda, instigated a new trend by making treasury money available for long-term, lower-interest credit as well as for subsidies to provide the essential push, required the world over, to help people get their foot on the first rung of the property ladder. The resources at the bank’s disposal, including the vast deposit of Worker’s Guarantee Funds (FGTS) paid by all businesses to their employees



How it works

Minha Casa Minha Vida was launched in 2009 with two criteria: to build low-cost housing for those with a family income of under £490 (equivalent to three minimum wages) and to help those with an income of £1,500 or less to finance the purchase of their property. The programme plans to build 100,000 units of social housing in Rio by the end of its second phase in 2014, for which those qualifying can apply to own via the local council.

as a form of guaranteed pension, allowed it to devise products for low-income families that the rest of the banking industry was not yet prepared to take risks on. “The country should have rates compatible with the size of its economy and international position,” says Hereda, and the speed with which the expanding middle class has taken up the provision of mortgages suggests that they agree wholeheartedly. With the market stimulated, the private sector had the confidence to invest, and that newly-acquired buying power has seen a boom in home ownership. Between 2002 and 2003, CAIXA was responsible for home loans amounting to approximately £1.3 billion. Last year that figure had grown to nearer £25 billion.

Minha Casa Minha Vida is now in its second stage, with a federal budget of £38 billion to see it through to 2014. Meanwhile, the launch of the bank’s *Melhor Credito* initiative in April 2012 also saw the biggest single cut in interest rates – as much as 88 percent – in the country’s history. The most important long-term effect on the housing market to emerge from *Minha Casa, Minha Vida*, however, will be the improved dialogue between the federal, state and municipal organs and the unity of their strategies. The reassurance of these streamlined policies, along with a liquid market, means increased confidence for private investment and planning. As a result, the future now looks very bright for the residents of Rio’s sprawling, underdeveloped communities. «

Q&A

Jorge Hereda
President, CAIXA



Was the housing industry simply lacking liquidity before 2009?

In a country with a great deficit in housing and infrastructure, it was necessary not only to make the resources available, but also to develop the necessary market agility to see them through. Investments were a crucial element of growth,

but inclusion was also paramount.

How does Brazil compare to the rest of Latin America?

This market is a great opportunity for investment. While 20 percent of Chilean GDP and 11-14 percent of Mexican GDP corresponds to housing credit, Brazil’s

housing credit accounts for just 5.4 percent, and is growing.

Is there room for the growth to continue at this rate?

Brazil’s young population means that we will need 20 million homes for new families by 2020, so there is still a long way to go.

TRANSFORMING RIO



Jose Ponte
President of Porto Novo

“We have a fifteen-year contract to provide all the services the prefecture normally would, from traffic control and road maintenance to urban and domestic refuse collection and the care of public spaces and parks, across an area roughly the same size as Ipanema and Leblon combined. This area has been neglected for 75 years, that is the reality, but we now lead one of the biggest urban public-private partnerships in the world to correct that situation and transform it.”

Porto Maravilha

📌 An ambitious public-private partnership is behind a huge re-urbanisation project to develop the Port Zone and breathe new life into downtown Rio.

➊ The city’s geographic centre may be pulling increasingly to the west, but across town the resurrection of a historic corner of Rio is set to create a brand new lifestyle hub.

The mayor’s flagship project

Porto Maravilha became a central element of the mayor’s strategy for the city, based on the realisation that, without it, the region’s continued degradation would have disastrous knock-on effects for the neighbouring business hub of Centro. A huge, central area of warehouses and abandoned buildings twice the size of Docklands, the port and its neighbourhood, Gamboa, had been neglected since the 1960s along with its population of 20,000 people.

The project is entirely underwritten by CAIXA. In 2010, the bank began raising the £1.1 billion needed to get the public intervention in infrastructure underway and completed by the 2016 deadline. Once in place, Certificates for Potential Additional Construction (CEPACs) will be publicly traded to the private sector to allow it to build the thousands of offices and new homes that make the investment feasible, turning the port into a brand new business, residential and cultural complex.

At its core

The demolition of the elevated, six-lane ring road is key to recovering the land underneath, which was cast into shadow by its construction in the 1950s. Increasing the residential population fivefold, building state-of-the-art office blocks and museums and planting 15,000 trees will only be possible after widening one of Centro’s key roads and sending it underground. The massive subterranean project will also allow for a new sewage, waste and communications system to be installed by the end of 2015. Gamboa will cease to be simply a polluted eyesore and become a destination in itself, diversifying the land use in a way that would have been impossible to visualise even 12 months ago.



International investment

The security afforded by the long-term investments from public bank CAIXA has been instrumental in attracting big international names to the region. “We are already talking with well-known architects and investors such as Donald Trump, Tishman and Norman Foster,” says Marcos Vasconcelos, vice-president of the bank’s asset management division. The American billionaire is in negotiations over the construction of several 50-storey towers to solve the huge shortage of office space in downtown Rio, whilst RioFilme plans to open three state-of-the-art film studios in the region’s warehouses.

Rio’s new live-work lifestyle

With 8,000 middle-class apartments and thousands more units of social housing planned over the next 15 years, the addition of two major cultural centres – the Museum of Tomorrow and the Museum of Rio Art – also brings with it a need for associated infrastructure to provide the security to walk around a region previously off-limits after dark. Recreational spaces and around 17 km of cycle paths are to be created where currently bikes dare not go, offering the possibility of an attractive live-work environment that Centro has never before enjoyed.

Cultural and historic patrimony

“Carioca culture was born here and needs to thrive,” says president of Porto Novo Jose Ponte, stressing the importance of rejuvenating rather than rewriting Gamboa’s rich history. Morro da Providencia hill still stands in the middle of the region as the city’s first *favela* community, housing 115 years of culture, not least the birth of samba, the musical rhythm that still moves the city today. The preservation order granted to the disused Bhering chocolate factory-turned-artist studios will also ensure that the creative community who adopted the region when it was at its most depressed will continue to thrive long after the high-rises go up. «

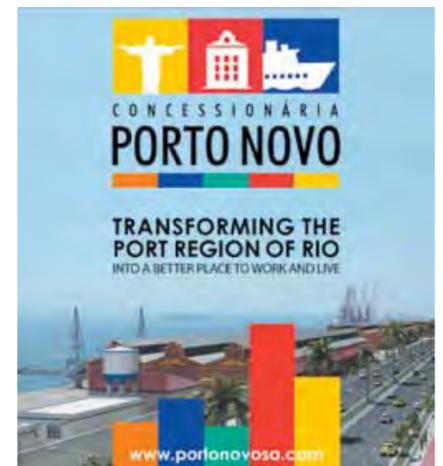
Building on successful role models

A once-shabby port became the gleaming legacy of Barcelona’s 1992 Olympic Games and a model for Rio itself, whilst Houston is a global centre for the oil business, something authorities want to echo in a Latin America-based ‘Silicon Valley’ for the 21st century energy industry.

Ten times the size of the Porto Madero project in Buenos Aires, the scale of the Porto Maravilha intervention has only been made possible by the alignment of strategy and funds at all levels of government. London’s Docklands, once the world’s largest port but now London’s most important business centre, is perhaps the most obvious example of what Rio hopes to achieve. How long that area took to be successful will be a useful reminder for Rio’s ambitious plans.

Photos from top down:

- 1 - CAIXA’s Marcos Vasconcelos turns Eduardo Paes’ vision into a billion-pound reality
- 2 - Looking to the future. How the Port Zone’s Museum of Tomorrow will look
- 3 - The Museum of Rio Art will dominate the cultural make-up of the revitalised region
- 4 - The VLT light railway is at the heart of the port’s public transport revolution



Sustainable development

Writer: Doug Gray

Powering 21st century Brazil isn't going to be easy, but with a focus on successful sustainable development, the country is taking the right steps to fuel its future.



“There isn't a forest as large as the Amazon on the planet, and the water volume of the Amazon River basin is unrivalled. That compels Brazil to work sustainably.”

Armando Tripodi
Executive Manager for
Social Responsibility,
Petrobras



Brazil's journey towards overtaking the UK in terms of GDP this year may have been powered by its sheer size and abundance of raw materials, but the challenge it now faces is to become a truly modern economy. Making that progress sustainable and turning those resources, no clearer on display than in the vast but vulnerable Amazon Rainforest, into something even more profitable, now has to be done at a minimal cost to the environment.

Powering urban growth can be dirty work, though. While countries such as the UK and US had the luxury to mature and manoeuvre naturally whilst out of the spotlight, the speed of Brazil's expansion means that these stages of development are being rushed through, with the country very much under the microscope. Today's efforts, then, call for sustainable development done the Brazilian way.

Compared to the other BRIC nations, Brazil's record is largely positive. Having been at the centre of the much-hyped UN Rio+20 conference earlier this year, it is surprising how inherently vague a concept 'sustainable development' remains, however. Loosely propped up on the three pillars of economic growth, social development and environmental protection, Brazil faces unique challenges in its pursuit, not least in the form of the wide variety of voices that are demanding to be heard. As the country steams ahead, it appears increasingly to be relying on its large companies offsetting their staggering profits to lead the way forward.

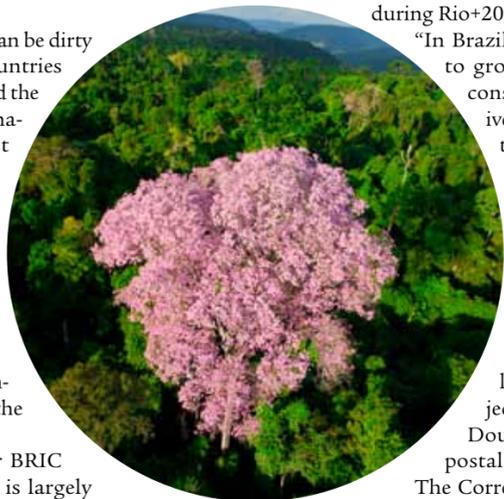
The country's occasionally fragile dependence on 'clean' hydroelectricity may be praiseworthy, but few energy projects have been as widely criticised for their environmental impact as the building of Belo Monte Dam in the heart of the Amazon.

Somewhat more positive, considerably less high-profile initiatives have been set in place to link the swathes of the Amazon's tribes, the most rural and the poorest populations to the rest of Brazilian society. From clean water to communications, there are fundamental changes being introduced to assimilate society's disparate strands, evidenced by the strong and vocal presence of Brazil's Indian tribes during Rio+20.

“In Brazil, we believe it is possible to grow, include, protect and conserve,” says Wagner de Oliveira, president of Correios, the Brazilian postal service that has begun to extend services into previously untouched corners of Matto Grosso do Sul. “One of our challenges is to deliver services in remote areas of Brazil, and with that in mind we launched a pioneering project to enable the Indians in Dourados to create a reliable postal service.”

The Correios initiative is a smaller, but no less important, example of what programs like Minha Casa Minha Vida and the PAC investments are trying to achieve by co-ordinating different levels of government and NGOs behind specific goals. The simple process of being able to send and receive mail through community agencies opens up the possibility of banking and savings accounts and, rather than just continue to subsidise the poorest elements of the population, linking them in to the rest of the country.

“We have had 40 million new consumers enter the market in the last decades, but millions still live below the poverty line,” Oliveira continues. “Since the end of the military dictatorship Brazil has had a modern constitution that recognises the necessity of sustainability and the environment, and our society has matured.” Elsewhere in the Amazon, the waters are being used for



Brasilidade #4

Brazilians have an interesting relationship with their money. Before the real was introduced in 1994, they endured five currency changes in eight years and rampant inflation as the country tried to keep pace with the dollar. Greater stability has caused a spending boom among those who lost faith in the strength of their money in the 1986-1994 era, even if the provision of cheap credit worries some economists about the future. As CAIXA's Jorge Hereda observes, “Cars are financed in up to 96 monthly instalments, and that can lead to credit defaults, but right now unemployment is dropping and salaries are going up. Brazilians are not indebted.”



Vania Somavilla
Executive Director of Human Resources, Health & Safety, Sustainability & Energy, VALE

Full Q&A
guardian.co.uk/
the-report/
riodejaneiro

Vania Somavilla has been charged with conveying Brazilian mining giant Vale's institutional relations and communications since her appointment in 2011 as executive director of human resources, health and safety, sustainability and energy. Despite the company's socio-environmental investment standing at £3.1 billion over the last five years, being the world's second biggest mining company comes scrutiny and criticism, and Somavilla is open about the challenges she faces.

We want to leave a greater legacy; we want to leave more than we take.”

As an investor in the controversial Belo Monte dam, however, the efforts to give back will become even more challenging. Large-scale projects in sensitive regions invariably entail the relocation of communities, and it is Vale and Somavilla's responsibility to help mitigate the human cost.

International calls to improve working conditions in its mines have resonated more loudly as Vale has risen to the top of an industry that forces

“We want to leave a greater legacy; we want to leave more than we take. Developing is creating wealth.”

The establishment of the Vale Foundation in 2009 to link efforts of NGOs, local government and communities to help preserve their environment was intended to create an organ under which the company's responsibilities could fall. Founded 70 years ago to extract iron ore for forging steel for use in World War Two, Vale “has gone through three stages,” admits Somavilla, “In the first, environmental issues were only beginning to be discussed. Impact was minimised, but not avoided, and social issues had not even become explicit yet.”

A second stage slowly introduced the idea of compensation for the impact of mining activity. “In the third,” she continues, “we want to go beyond the idea of sustainability.

managers to walk a tightrope between profits and the good of the local communities, their environment, and local government.

The response to criticism has been determined, however, and the foundation indicates a desire to establish a dialogue over the issues, not hide away from them. Somavilla is eager to point out that there are even some positive results to the mining to be found, even if a lack of metrics for social issues makes concrete results difficult to show.

“What we do know, through an indicator developed by the Joao Pinheiro Foundation,” she adds, “is that not only are eight out of the ten municipalities with the greatest development in social indicators mining municipalities, but that mining was in fact the cause of this.”

altogether more sustainable means by CAIXA. Based out of Manaus, the bank has a floating branch that travels up the Rio Negro, stopping to provide the fishing communities with banking facilities otherwise out of reach. Away from the main rivers, mobile branches in trucks are also being deployed to allow rural communities to partake not just in banking services but the recent initiatives like Minha Casa Minha Vida that would previously be unavailable to them.

Though such moves can make for encouraging reading, the headlines continue to dwell on the negative, and if the Amazon is known as the lungs of the planet, then it is also the heart of Brazil's socio-environmental controversies. The fight against logging, both legal and illegal, and encroachment on the livelihoods of indigenous tribes has been largely replaced by, or rather condensed into, the now global campaign against the building of the world's third largest dam on the banks of the Xingu River, a tributary of the Amazon.

Put simply, the Amazon's waterways have been targeted as a chief power supply for Brazil's Growth Acceleration Programme. Primary mining in the area will receive much of the maximum 11,100 megawatts of energy the dam is set to create, but counteracting the frequent blackouts around the country caused by rain shortage makes it a government priority for domestic supply as well.

Plans for as many as 60 dams of

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Impact on the Amazon

Brazil, which once had the highest deforestation rate in the world, is now cleaning up its act. Since peaking in 2004, deforestation in the Amazon rainforest is slowing year on year; in the year up to July 2012, levels officially dropped by 23 percent as Brazil's environmentalists and global pressure groups seem to be getting their message heard. That still amounts to an annual loss of over 2,000 square kilometres, however, and no matter how vast the area concerned, the visibility of the region's shift from rich green to muddy brown remains shocking. Carajas in the state of Para is the largest iron ore mine in the world. Operated by Vale, estimated reserves of 1.5 billion tonnes make it clear that neither the operation - nor the environmental impact - are short-term. According to Vania Somavilla, Vale operates in just 3 percent of the total area, preserving the remaining 97 percent along with the Chico Mendes institute, but she admits that "it is amazing to see that once you cross the protected area it is complete destruction."



Photo taken in 1985, courtesy of INPE



Photo taken in 2010, courtesy of INPE

various sizes have been sketched out across the Amazon Basin, but it is the Belo Monte complex, with reservoirs capable of holding hundreds of cubic kilometres of water and whose construction depends on the flooding of large areas of deforested land, that is drawing the most attention. Besides displacing centuries-old tribes and fishing communities by re-routing the river, arguments rain over the production of harmful methane gas from rotting vegetation on the reservoir beds and the hundreds of man-made canals controlling the river flow.

Rio-based oil giant Petrobras' offshore oil projects might also be helping to fuel the city's economy, but they, too, are under scrutiny for their deepwater drilling projects, having come out in support of US oil firm Chevron after a spill off the coast last year.

"It is crucial that Brazil and its companies are sustainable," says Armando Tripodi, the company's social responsibility executive manager. "It is not a matter of sustainability being in fashion or improving the perception of clients or stakeholders. The challenge

is extracting energy from nature without harming it." Developing their social responsibility focus since 2004, Petrobras has featured on the Dow Jones Sustainability Index for the last seven years, thanks largely to initiatives covering subjects as diverse as collecting and treating sewage water to use in refineries to sponsoring projects to save humpback whales. Tripodi's goal is to make the trend as important as safety has become in the priorities of those at the top. "We want our executives to consider social responsibility as much as safety. The greatest challenge is then to be able to reverberate that to our suppliers and service providers. All contracts signed with Petrobras include an annex on safety, health and the environment. Our goal is to implement requirements on social responsibility. Petrobras is an example for Brazil." Indeed, showing other businesses that there is value in sustainability, that it engenders trust and more conscientious business practice, is an important role for them to play within the country's industry. To truly take its development



forward in a sustainable manner, though, it is in the realms of secondary and tertiary industries that Brazil needs to expand to add value to its raw commodities within, rather than overseas. Instead of, for example, mining iron ore and exporting it to

China where it is turned into steel and car parts and then imported back into Brazil at great expense, the country is now eyeing greater investment in energy efficiency and alternative energy, such as the use of solar panels - now a legal condition of building social housing. The Brazilian route to a more sustainable future is, therefore, about far more than just reducing fossil fuels or pollution of its waters. It involves rebuilding strategic parts of the cities and creating attractive business environments, marrying the increased populations that come hand in hand with greater urban prosperity and the demand for housing, and the subsequent need for sanitation. Brazil's raw materials are about much more than merely minerals or water or rainforest; the country's future lies in transforming those things into something more valuable. <<

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RioFilme is an equity & P&A investment company owned by the City of Rio. Its main goal is to consolidate Rio as Latin America's main center for film, TV and new media production and distribution. RioFilme is celebrating its 20th anniversary in 2012 with a record investment of US\$ 25 million. This means more successful films and TV series made in Rio. Feel free to celebrate with us.



Disruptive thinking

Chemtech is a leader in process industry optimisation solutions and has for 20 years provided engineering, control and automation, and software development services for the oil and gas industry. In 2009, it was named the most innovative company in Brazil. CEO Daniel Moczydlower says that searching for innovation and creating new ways of addressing problems with solutions is in the Brazilian DNA as well as part of a culture known for its “disruptive thinking”. But what is lacking is patents, the final connection between academia and industry, he adds. That is why one of the company’s initiatives is the new Chemtech/Siemens building in the Technological Park.

Daniel Moczydlower | CEO, Chemtech



Paying dividends

Scientific innovation is being driven by demand from the energy industry, and new initiatives aim to inspire a young generation of researchers.

Writer: Anna Reitman

The Federal University of Rio de Janeiro’s (UFRJ) Technological Park is one of Brazil’s “if you build it, they will come” moments. And it worked, eventually. After its founding in partnership with state-backed oil major Petrobras 47 years ago, six companies set up shop. Recently, BG Group and General Electric followed with their own billion-dollar initiatives in the area.

The initiative goes far to promote the State as a centre of learning and entrepreneurship even while the country’s companies are starting to get noticed for innovation. This year, Forbes recognised Petrobras in its “Top Ten Innovative Companies in Brazil” list after it received US regulatory approval for the first floating deepwater oil and natural gas production and storage facility in the Gulf of Mexico,

university students would like to have their own businesses and that about 316,000 new small companies are being created every year. Multinational General Electric has invested heavily in Brazil to accelerate technology partnerships with Brazilian companies spanning numerous industries, particularly relevant as the country faces urgent infrastructure needs.

“Almost a decade ago, we realised that Latin America was a very important market with significant growth potential so we began to build capabilities,” says president and CEO of GE Latin America, Reinaldo Garcia.

The principal focus, he adds, is organic growth and that means a big appetite for investment in the region.

“There are a lot of indigenous companies that are good, fast and innovative and if they fit our technology, we’ll look at them and buy them,” Garcia says. ««

Technological Park

Located on Ilha do Fundao, the aim of the research centre is to better align academia with business - to boost innovation while taking sustainability into account.



“Even the citizens of Rio de Janeiro did not gauge the level of investment we are attracting here,” says Mauricio Guedes, executive director of the Technological Park. “We have received more enquiries than we could ask for and I foresee that the surroundings of the Technological Park will develop at the same pace.”

positioning it to lead other energy companies toward what is being billed as a safe new way to tap into natural resources. This kind of recognition ignites ambitions among the younger generation. A study conducted by Rio Negócios, Rio de Janeiro’s investment promotion agency, shows that 65 percent of Brazil’s

“Even the citizens of Rio de Janeiro did not gauge the level of investment we are attracting here,” says Mauricio Guedes, executive director of the Technological Park. “We have received more enquiries than we could ask for and I foresee that the surroundings of the Technological Park will develop at the same pace.”



Q&A

Marcelo Haddad

Executive Director, Rio Negócios

Marcelo Haddad is the executive director of Rio Negócios, the public-private joint venture responsible for facilitating investment to the city.

What brought you to Rio Negócios?

I wanted to be part of changing the face of Rio forever. This time is very special.

What is behind its success?

The sense of urgency behind what we are doing, which generates a level of assertiveness. We know exactly where our priorities lie, where those projects are that will most benefit Rio and transform the city. We are completely integrated with the city and state governments. And, we are

a productive group, using tools usually only found in the private arena for efficiency.

What advice would you give to foreign investors?

There are three basic questions clients should ask: where they should locate, what the operating costs are and how they would deal with bureaucracy.

Superstars

Writer: Anna Reitman

Big budget blockbusters, celebrity sightings and independent film are lifting Rio’s creative industries.



Children approve of RioFilme’s CineCarioca network. The initiative provides access to the latest movie releases to the lowest-income families.

When Fast and Furious 5 and Breaking Dawn filmed simultaneously in Rio, says Steve Solot, president of the Rio Film Commission, the city’s shooting infrastructure passed an important test.

“Rio is such an icon as a city, so many producers come...Rio has always been fashionable. Now it’s more fashionable,” he says of the growing interest in the location for movie production. Aside from the World Cup and Olympics, events such as the Confederations Cup and World Youth Catholic Day “bring visibility and create a buzz worldwide” Solot adds.

Meanwhile, celebrity culture is well entrenched in the city with sightings of Britney Spears, Beyoncé, and friends Katy Perry and Rihanna. The latest star for Carnival was Jennifer Lopez

“Rio has always been fashionable. Now it’s more fashionable.”

Steve Solot
President, Rio Film Commission

and, if rumours are to be believed, there is intense competition among party venues to secure the biggest names.

In terms of the film industry, projects are coming from all over the world, including the UK. Various co-production treaties signed between the two countries means that qualifying film and TV productions will gain national status in each country.

In Rio, policy is coordinated by RioFilme, which this year celebrates its 20th anniversary and US\$26 million invested across more than 100 projects by local companies. Sergio Sa Leitao, former advisor to the president of development bank BNDES and current president of RioFilme, points out that the creative sector’s annual growth rate was 6.1 percent compared to 4.3 percent for the Brazilian economy as a whole. ««

Fast forward



Sergio Sa Leitao
President, RioFilme

Sergio Sa Leitao leads RioFilme, a municipality-owned public company supporting the smallest indie flicks right through to the big-budget movies.

How do you decide where RioFilme is going to invest?

We run two programmes, reimbursable and non-reimbursable. For reimbursable, we consider not just the financial returns for RioFilme – where we always want to at least cover our investment – but also the financial potential for all private companies involved, job creation and income for the city. The idea is to invest in projects that contribute to Rio’s economy.

Where do you see the sector’s growth coming from?

Rio has already established itself as Brazil’s main centre for film production and distribution. Now we want to establish Rio as a centre for TV and new media as well. This year, pay TV will generate more revenue than broadcast TV for the first time in Brazil’s history and there is still great potential for growth.

How about the cinema-going audience?

We created a network of popular cinemas called CineCarioca. Only 14 percent of the population in Rio regularly goes to cinemas because of barriers such as the price of tickets, urban mobility and information – you can’t desire what you aren’t aware of.

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Barra focus

R A swampy expanse to the west of Rio has become a hotbed for developers and real estate speculators, as well as a temporary future home to 18,000 athletes.

Writer: Doug Gray



► If Rio's north and south regions have had urban planners tearing out their hair at the lack of zoning and the city's irregular development patterns, Barra da Tijuca to the west would have them purring

contentedly over their maps. A strip of land sandwiched between the Atlantic Coast and mountains, the region's recent development, subsequent boom, and introduction as a key Olympic site, have provided a new lifestyle option distinct from the rest of the city and some of the last precious real estate for development within the metropolitan area.

Land in Rio's sought-after South Zone was heading towards saturation as early as the 1960s, at which

point French-born urban planner Lucio Costa drafted a proposal for the city that suggested the neighbourhoods of Jacarepagua and Barra da Tijuca ought to become its geographic centre.

Today, thanks to bold developers, Barra is almost a separate city, one where the car is king, leisure and shopping have been made easily accessible and property values are soaring. The future site of the athletes' village for Rio 2016, 'Ilha Pura' will become its own neighbourhood

after the Games. The 31 apartment blocks that have been given a deadline of New Year's Eve 2015 to be ready - quicker and bigger than London's village - will then be converted for families to move in to.

"In Athens there was no thought of their legacy," says Ilha Pura president Carlos Armando Guedes Paschoal. "London's village succeeded in helping to renew that part of the city. In Britain, people want to live near to a good school or their golf course and that is smart. Barra can offer that."

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Dr. Carlos Fernando de Carvalho | President, Carvalho Hosken

'MR BARRA', CARLOS CARVALHO

Having grown up in nearby Jacarepagua, Carlos Carvalho was one of the few to see the potential that Barra held in terms of development. Noting that opportunities to expand Rio were extremely limited and that a drastic housing shortage loomed ominously, Carvalho followed Lucio Costa's vision for the city and as soon as the major tunnels were inaugurated in 1971 linking the area to Sao Conrado and Gavea, he began buying up land.

The company Carvalho Hosken now owns an estimated 10 million square metres in Barra alone. In the early 1980s it revolutionised the housing market with the launch of the Atlantico Sul condominium, paving the way 20 years on for Peninsula, its flagship project with 28,000 inhabitants in an area slightly smaller than Leblon, which houses close to 50,000 people. It is that space and the associated freedom that Carvalho sells as the Barra dream, moulded on the suburban living of the US where everybody drives and leisure facilities are concentrated under one roof.

Carvalho will be well into his nineties by the time the Olympic Park is complete. As well as adding value to the area in a way no other project could have hoped to, the mission he has undertaken along with Oderbrecht and Andrade Gutierrez completes his dream for the neighbourhood he grew up in.

Q&A

What did you find in that part of Rio that convinced you to invest so much in Barra?

Rio is blessed but it grew in a disorganised way with a chaotic city centre. There was a lack of political vision and experience, which, as far as I'm concerned, only started to change in 1969 under Negrao de Lima. That year, city planner Lucio Costa presented a proposal for the city saying that it had erroneously grown at its tip towards Leblon and that it should in fact grow to the west.

You couldn't have imagined that there would be an Olympic Games heading there?
I believed in Barra,

and bought beautiful land. In London, the organisers found a socially underprivileged area and regenerated it. By contrast, all the people of Rio, rich or poor, need a legacy to fix the mistakes that were made in urban development in the past.

How will you maintain the pace of development after 2016?

In 2008, Rio's income was below £3 billion, today it is more than £6 billion. Rio's classification internationally is as good as that of the federal government and things should and will happen in Barra. All we need now are the icons, the culture and good hotels.



Olympic park

Having successfully crafted London's Olympic needs, the UK-based design and management company AECOM, led by architect Bill Hanway, won the rights to conjure a new masterplan for the complex infrastructure of the 2016 Olympic Park in the west of Barra. "The designs grew from the idea of a new urban ecology deeply rooted in the culture of Brazil," says Hanway, who has to take into account the needs of 18,000 athletes, 20,000 journalists and the hordes of visitors watching the sports, plus the all-important legacy for the area.

Improving sewage systems to reverse long-term pollution of the surrounding lagoons and canals was the first stage, as well as running the major, often dangerously ad-hoc power lines underground, all crucial to simply preparing the site for use. Part of the success of the company's work in London was the creation and use of public space around the Olympic Park, which then became an important recreation facility for the future families that will eventually occupy the space.

Still awaiting demolition, the Jacarepagua Race Track and a fishing community currently sit in the middle of the 1.2 million square metres of land set to become the focus of 2016, playing host to 14 disciplines and including the swimming and cycling arenas, a media centre and luxury hotel.

Mobility

The opening of the tunnels into Barra 40 years ago may have been the catalyst for its development, but it is the future connections in and out that will determine the region's future as a potential new metropolitan centre for Rio. With tunnels still being dug, the city's underground metro is planned to link the eastern edge of Barra to Ipanema by the end of 2015. The concession behind the metro currently runs a shuttle bus service to the centre of Barra, which is where the rapid transit bus system (BRT) begins.

With several stops cutting through the length of the 17-kilometre region, it is the first real attempt at an independent public transport system operating entirely within Barra, an area with little pedestrian traffic, but will be essential for linking the Olympic Park with the rest of the city for thousands of visitors. Opened earlier this year, the Transoeste BRT leads a series of interconnecting routes currently under construction that will provide direct links from Barra to Galeao International Airport and to the Deodoro Olympic site via the Transolimpica Highway. The routes will also have an important legacy in linking the south with the poorest northern reaches of the city, an area whose millions of inhabitants have a complex daily commute down to work in the affluent Barra.

Lifestyles of the rich and famous

“Thirty years ago there were only 40,000 people living in Barra, but cariocas would come from the rest of Rio and use it as an escape route,” says Jose Peres, president of Multiplan, developers of the biggest malls in Rio. “You have to pay attention to where people want to go at weekends, and Barra became one of Rio’s attractions.”

Why invest in Barra

Forty years ago, a handful of developers took a gamble on Barra; what is there to still attract new investors?

1. The 17km of unspoilt beach running the length of Barra means you are never more than ten minutes from the ocean
2. Private money has poured in to the region, thus growth is not merely being driven by a government initiative but also by business
3. As the site of 50 percent of Rio 2016’s events, the global spotlight will be on this previously unknown region of Rio de Janeiro

Founded in 1975, Multiplan was a pioneer, building in under-developed and unfashionable areas and drawing the affluent consumers in. What Peres did with BarraShopping was impossible to create anywhere else in the congested city and became a key part in defining the Barra lifestyle, as proven by the 35 million people that visit every year.

As the region’s population jumped to 300,000 in 2011, practically doubling every ten years, the neighbourhood’s vast expanse of condominiums became home to the wealthy television stars, football players and



Brazilians shopping spree

The expansion of Brazil’s consumer class buoyed by the provision of seemingly endless credit has fuelled domestic demand to record levels. With hyperinflation a not-so-distant memory, the culture is still to spend as soon as you get it, and as Barra Shopping mall makes £47 million a year in revenue, Brazilians spent US\$5.9 billion in the US in 2010, aided by a strong real. Jose Peres’ theory on Rio’s urban chaos is that, “Everybody has a car, but there is nowhere to park, so malls are a consequence of this chaos. If cities worked well, they wouldn’t be necessary, but the car changed everything.”

celebrities for whom the South Zone today appears clogged and old fashioned. Shops, restaurants, schools and even golf courses can be found behind the gated communities that are watched 24 hours a day by armed guards and clearly found reassuring even as the city’s security issues are increasingly resolved.

Along with the new lifestyle came the businesses that paid for it. Major national and international companies, including Shell, Nokia and Esso, shifted their Brazilian headquarters from Centro and settled on the edges of the main highway Avenida das Americas, fuelling the boom. The prospect of the population doubling again by 2020 to 600,000 looks like a conservative estimate, sending real estate prices higher each month, with the average price of property in the area having doubled since 2009. What had been a much-maligned region suddenly became hugely desirable.

Multiplan’s latest venture, opening at the end of 2012, is the £107 million Village Mall, the city’s first luxury shopping centre. If BarraShopping’s purpose was to cater to the masses, the new addition, joined to its larger sibling by private road, is defined by exclusivity. Located on one of the last remaining patches of land available along the main highway of Avenida das Americas, the addition of a theatre, state of the art cinema and names like Louis Vuitton and Prada finally brings the Rio shopping experience on par with that of Sao Paulo.

The levels of investment and soaring profits have seen Multiplan’s share price increase by one third in 2012 in the face of an overall decrease on Brazil’s stock exchange of 4.4 percent. “In 1973, my partners thought we should sell the stores,” says Jose Peres, “but I calculated the amount we would get if we rented them and saw that the value was similar. I told them that we would receive the same amount whether we sold or rented but that, after 10 years, we would still be the owners. We didn’t make money buying or selling, we made money from renting the malls. Our annual revenue at BarraShopping today is £47 million.” «

Q&A

Jose Isaac Peres
President, Multiplan



The Westfield shopping centre became a destination in itself during the London Olympics. How do you see the Rio Games impacting upon your business?

The Olympics will have a very positive impact on Rio de Janeiro as a whole, but more specifically on Barra da Tijuca since this is where the majority of the events will take place. Barra is very attractive; you could say that it is a new Rio.

When you inaugurated BarraShopping, how certain were you that the neighbourhood would develop as it did?

I had been working in housing a long time, and before I started building malls I worked in real

estate on hundreds of projects. I knew that Zona Sul was running out of high-quality space and that prices were too high, so I took a gamble. Thirty-five million people now visit BarraShopping every year.

How certain are you of Barra’s future?

We understood that we needed to create a small urban centre that included other activities, which is why we created the business centre. We built New York City Centre for entertainment and integrated it with BarraShopping. Our new project, Village, will host the luxury services. We will always grow. In 2007 I promised that the company would double in size within five years. In fact we have tripled in size.

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From Barcelona to Houston

Writer: Anna Reitman

R As the largest producer of liquid fuels in South America, Brazil presents a lucrative oil and gas investment opportunity and Rio de Janeiro is its global centre.

The Brazilian government has made increasing domestic oil production a long-term goal and as energy consumption continues to grow along with the country's economy, reaching those objectives is becoming urgent. In late October, a massive blackout left as many as 53 million Brazilians in the dark – the latest in a string of energy shortages. Brazil is the third largest energy consumer in the Western hemisphere and the ninth largest globally, with primary energy consumption increasing by close to a third in the last decade. Fulfilling such energy requirements with less than suitable infrastructure is challenging, but discoveries of pre-salt oil deposits in late 2006 could transform the country into one of the largest oil producers in the world. “The newly-found reserves have created an unmissable opportunity for Brazil to develop its own industry and technology and bring innovation from abroad,” says Andre Araujo, president of Shell Brasil, which has a century's worth of history in the country.

In numbers

US\$1 billion

UK credit line to Petrobras

60%

Rise in Brazil's electricity consumption forecast by 2020

Shell has invested over US\$4 billion and Araujo expresses optimism about the prospects for new opportunities. In an open letter to the British government, he made recommendations for UK companies to come to Brazil to act as suppliers. Due to North Sea experience, the UK is known for developing innovative deep sea solutions, and subsea technology providers have won contracts in the region. Still, negotiations over royalties with the government are yet to be resolved while a highly anticipated bid round is scheduled to take place in May. “Shell has a pipeline of projects so our growth strategy is not based on the bid rounds. For example, the size of our Parque das Conchas project off the Espirito Santo Coast, an area of steel the size of the Maracana stadium, has already been placed at the bottom of the ocean,” Araujo explains.



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Diverse legacy

Before discovering oil, Brazil had looked to develop its natural abundance in order to fulfil future energy requirements. That has left the country in the enviable position of having one of the greenest energy matrices in the world, according to the Swiss Business Hub Brazil. Renewable sources of energy account for 46.8 percent of Brazilian energy production, including hydraulic, biomass, and ethanol, besides wind and solar energy. Government energy research office, EPE, expects wind power to account for a growing part of the mix. “Brazil offers a rare bright spot in the global wind energy market, and looks set to remain a fast growing wind market for the foreseeable future,” said EPE president, Mauricio Tolmasquim. Oil and gas do, however, account for the majority of energy production at 49.1 percent and 8.7 percent respectively, and are also the areas expected to grow even stronger in the coming years, mainly due to exploitation of offshore pre-salt deposits.

Investment realities

With the global oil and gas indus-

try booming, challenges arise with attracting and retaining skilled labour. In addition, the government has established a minimum level of local content requirements and though these are not law, they are included in concession contracts and are legally binding. Nelson Silva, head of BG Brasil, oversees the UK-headquartered company's multi-billion dollar investments. A 600,000 barrels per day production target has been set for 2020, at a time when its current global daily average in 2011 stood at 641,000 barrels. BG has been operating in the country since the 1990s, when the industry was struggling, and is now well-established to take advantage of the pre-salt oil discoveries.

progress – it's like trying to build an airplane while it's flying,” he says. In reaching its 2020 target, BG maintains a partnership with the state-backed oil major Petrobras, which is the operator on BG's projects with President Dilma Rousseff herself stating that the arrangement is an example for other companies to follow. There are plans to build 14 floating production, storage and offloading (FPSOs) units with Petrobras, with more to come in the future. This is over and above the 11 FPSOs completed or built already.

common misconception regarding the local content requirements. “Whoever offers the highest percentage of local content in the bid rounds becomes a contractor for that block...our current contracts have 30 percent to 35 percent local content but they were signed in 2000 at a different time and in a different context. Of course we would like as much local content as possible, and it makes sense to have local suppliers rather than suppliers on the other side of the world,” he notes. To increase skills in the local labour pool, BG has a graduate programme, hiring young, talented Brazilians, training them for six months, and sending them to many different countries, including the UK. The company also trains welders and skilled workers in Rio Grande's shipyards, which Silva adds is not part of a contractual obligation but comes from a strategic decision to be a part of the process.

“There is a huge need to fill gaps there because not only are rigs being made but the second phase of construction of the yard itself is in

presence in 28 countries, to weather the storms.

Cameroon to the state as part of a trade mission, where he met with Maria das Graças Silva Foster, the company's CEO. Most of the country's proven reserves are located off the southeast coast of Rio and more than 90 percent of Brazil's oil production is offshore in deep water. Six fields in the Campos basin, operated by Petrobras, account for more than half of Brazil's oil production, according to the US Energy Information Administration (EIA). Petrobras forecasts investment in the order of US\$236.5 billion between 2012 and 2016. This, despite how tough 2012 has been for the company as falling crude production against a backdrop of rising fuel imports and costs resulted in an unexpected fall in net profit of 12 percent in the third quarter to US\$2.75 billion year-on-year, according to the Financial Times. In addition, a judge ordered the company to pay BRL4.8bn (\$2.4bn) in back taxes.

But it is certainly not the only company in the sector to face enormous challenges this year and has the strength of being the third biggest energy company globally, with a



“Brazil is a western country and Rio is an international city. We want to be both Barcelona and Houston combined”
Julio Bueno | Secretary of economic development

“Brazil is a western country and Rio is an international city. We want to be both Barcelona and Houston combined,” he says. “I am not referring just to energy and oil, but to the generation of knowledge in that sector. That is the goal of the ‘Rio, Capital of Energy’ programme; generating knowledge and helping Brazil rationalise energy.”

Domestic Powerhouses

Rio de Janeiro-headquartered Petrobras dominates the oil and gas sector, and has brought the likes of UK prime minister David

presence in 28 countries, to weather the storms.

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Briefs:

Clearing paths

Brazil's Federal Congress passed a new law that will redirect greater shares of government royalties across the country's states. Though Rio, Espirito Santo and Sao Paulo are objecting, since those states stand to lose most, the bill will clear the way for two big auctions of new oil blocks next year – one in May for conventional blocks in shallow water and the second in November for the pre-salt fields, reports the Financial Times.

Exploration and Production

Brazil has 14 billion barrels of proven oil reserves, the second largest in South America behind Venezuela. Its proven natural gas reserves are 423 billion cubic metres. Concessions have been granted for just 28 percent of total pre-salt area.

Pre-salt discoveries

Pre-salt is composed of oil deposits located under thick layers of salt, in areas in average of 18,000 feet below the ocean's surface. The first deposit, Tupi, was found in 2006, containing an estimate of up to 8 billion barrels of recoverable oil and gas reserves. Studies believe the total volume of recoverable oil and gas reserves to be over 50 billion barrels of oil equivalent across all discoveries, or about four times greater than the country's current national reserves.

Technological challenges

The depth of most oil fields imposes technological challenges – 72 percent of all E&P activities involve depths of 1000-plus metres and distance of the oil fields from the coast demand special transport care. The main type of platform used in the Brazilian deep and ultra-deep oil fields is the FPSO. Petrobras is the largest FPSO operator in the world and has an acknowledged expertise.

* Facts and figures from Swiss Business Hub Brazil



Ethanol hopes

Over the past 30 years, the country has avoided emitting 800 million tonnes of carbon dioxide equivalent through the use of ethanol as a gasoline additive or substitute, according to the government.

When it comes to biofuels, GE Latin America sees opportunities - whether it is in technologies used in the process of making or using biofuels.

Enérgised expansion

Writer: Anna Reitman

Brazil's energy mix already represents the most renewables in the industrialised world, but the goal is to do better.

► The government's national energy plan focuses on the country's great potential for expansion, creating a number of investment opportunities. Brazil's ministry of mines estimates that between 2008 and 2017, public and private investment to the tune of BRL352 billion (US\$173.5 billion) will be put into the expansion of the country's national energy output.

UK Trade and Investment's "Brazil Report" reckons that low carbon opportunities are worth £125 billion (US\$200.3bn), reinforcing the advantages that many actors in the supply chain - be it small and medium sized enterprises, engineering companies, consultants, architects, equipment suppliers or materials producers - could take considering the UK's status in the sector.

Meanwhile, Brazil is going to need to increase its installed energy capacity of electricity over the next decade by 50 percent from its current 120,000MW. Jose da Costa, president of Eletrobras, Latin America's biggest power utility company and the fourth-largest clean energy company in the world, says that this increase of another 6,000MW each year until 2022 is an enormous challenge but one that can be met with clean energy.

"The country is rich in clean energy, predominantly hydroelectric but also wind, biomass and a little solar power," he says. "Our total potential hydroelectric production alone is 260,000MW, one of the greatest of any country in the world...but the potential for wind energy is even greater, as much as 350,000MW per year."

One of the key developments is the Belo Monte hydro-power plant, a project that receives its fair share of criticism because it is located in the Amazon. Eletrobras' total environmental investment there is approximately US\$2 billion and impact studies have halved the size of the initial reservoir design, he notes.

Regional champion

Strategic priorities for Eletrobras focus on the continent's electric-energetic integration. It is developing common projects with Uruguay, Nicaragua, Peru and Argentina.



José da Costa Carvalho Neto
President, Eletrobras

"Our main project is to strengthen the energy backbone of the country, the large hydroelectric power plants."

Eletrobras expects investment in energy generation in 2012 to be US\$6.5 billion and is working with local companies including CEMIG and Vale as well as French international partner EDF and the Belgian-headquartered Tractebel Engineering. Commenting on the energy matrix of Brazil, CEO of electric utility Light, Paulo Roberto Pinto, reinforces that considering the high prices of electricity, which are similar to the UK, choosing where to invest in new energy-generating facilities needs to strike the right balance between the environment and development of the country overall.

"Hydroelectricity facilities and wind farms are complementary; where there is no wind, it rains. Wind energy is the cheapest, but hydroelectricity is more flexible as you can use it whenever you need to. Solar energy is still very expensive in Brazil and I see its development come more in parallel with the development of the smart grid - where each one of us invests in solar panels to compensate our daily use and pass on surplus to the grid," Pinto says.

And the private sector is expected to play a key role. Whether investors will be put off by President Rousseff's recent actions to renegotiate concessions in a bid to make companies in the sector more efficient remains to be seen. Eletrobras announced it might sell loss-making distributors to concentrate on more profit-making businesses. Da Costa notes, however, that establishing the first truly universal public service in Brazil is still the aim.

"In the last few years we have added another 15 million people to the grid, leaving only around 1.5 million without power, which we aim to solve by 2014," he says. ◀◀

Full Q&As
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Industry voices

Writer: Anna Reitman

Three key figures from the public and private sectors talk about what's next for the energy industry - from encouraging foreign investment to promoting innovation.

Julio Bueno knows energy and industry. He graduated with a degree in metallurgical engineering from the Federal University of Rio de Janeiro and holds a master's degree from the University of Birmingham. He began his career at Petrobras before becoming president of Inmetro, the National Institute of Metrology, Standardisation and Industrial Quality and later, president of the agency for the Development of Energy Resources of the State of Espírito Santo. He has been in his current role since 2007. Bueno explains that because of Brazil's open and

democratic economic transition, both foreign and domestic investors know that rules will be followed while concerns such as a free press and private property legislation have been better addressed compared to the other BRICS (Brazil, Russia, India, China, South Africa) countries. The investment success Rio is enjoying is a combination

"The role to be played by UK companies is in contributing to the expansion of the industrial base."

of internal and external dynamics working together - starting with governor Sergio Cabral straightening out the state and city's financial situation which resulted in the awarding of investment grade status. Bueno adds, however, that investors continue to have enduring concerns about Brazil much like other global regions, such as the strength of the currency, interest rate movements and the future of credit provision.



Julio Bueno
Secretary of Economic Development, Energy, Industry and Services for the State of Rio de Janeiro



Andre Araujo
President, Shell Brasil

"Everything has its moment. Right now we need to produce and explore internally."

There are good reasons for optimism that Brazil will be able to develop its industry and technology while innovating, not least of which is the number of companies that have announced intentions to invest, set up operations and settle, says Andre Araujo. He admits that local content requirements are often interpreted negatively but they do represent a project and in bidding rounds

Shell has met its 36 percent goal. Shell's focus at the moment is to stand behind innovating and competing internally, looking for companies that are already in the market and interested in selling, other acquisitions as well as waiting for the bid rounds. Meanwhile, the company is also building in-country industry knowledge capacity. For example, for a recent project more than 3,000

patents were used and various technologies were assembled in Brazil. Ethanol production is a major initiative too; the two-year-old multi-billion joint venture with Cosan, Raizen, produces 2.2 billion litres of ethanol from sugarcane feedstock every year for export and to supply the Brazilian market, where cars that run both on petrol and biofuel are very popular.

Nelson Silva arrived at BG in 2009 after global experience in countries and regions such as Mexico, Europe, Japan and Argentina and at companies including Vale and BHP Billiton. The year after he arrived, BG began production on the enormous Lula (formerly Tupi) oil field, which led the pre-salt boom in Brazil's offshore oil industry. In 1999 and 2000, even while investors were fleeing the country as the real plunged and the central bank faltered, BG increased its stake in the country after buying up 9.6 percent of the Bolivia-Brazil gas pipeline. Silva

describes the 1980s and 1990s as "lost decades" for Brazil, making BG's commitment to the region that much more strategic for the long-term. It could have gone wrong, he explains, but there was a brave and solid plan behind the move. In 12 years, the company participated in the most important pipeline in South America, developed the biggest gas distributor in Brazil, Comgas, which it recently sold, to making its biggest oil and gas discovery. Because the company bought into ultra-deepwater technology early, what once took 400 days to drill is reduced to 180

days and from "spud to TD" (from drill bit hitting rock to completing its journey), 40 days. In 2000, he notes, that kind of efficiency was unimaginable.

"We want to raise US\$5 billion in the next two years to invest in upstream development. It will make BG comfortably the biggest foreign investor in Brazil."



Nelson Silva
President, BG Brasil

Our value is created
by people and

Shared

with people.

Jesse Kellen de N. Sarmiento
at the Vale Music programme
in Pará - Brazil

We are Vale, one of the world's leading mining companies. With a worldwide presence, we believe in transforming natural resources into social and economic prosperity whilst remaining strongly committed to sustainable development. A good example of this is the Vale Music programme, which improves the quality of life for local communities in Brazil through music. By investing in culture and environmental preservation, we work to generate and share value, seeking a more sustainable future for our planet, day by day.

