Sports in Brazil

2014 World Cup and 2016 Olympic Games

U.S. Commercial Service Poland

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, nonsporting 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.

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