

Investment heaven

Rio de Janeiro becoming a top destination for world capital

The city of Rio de Janeiro is known around the world for its natural beauty, gorgeous beaches, friendly people and its yearly “Carnaval”.

These are qualities most cities would envy, and the city’s selection as the host of the 2014 World Cup and the 2016 Summer Olympics will provide an opportunity for the world to gain a deeper understanding beyond what is on the surface.

Known as the “Marvelous City” for its colorful atmosphere and environment, it has long been a top destination for tourists, but Rio hopes to become a hot spot for business and investments as well.

When people think of Rio de Janeiro, the city usually comes to mind, but the state that shares its name is just as important to the region’s economic development and diversification.

Hosting the world’s two largest sporting events will certainly help to put the city and the state on the map, but behind these events, there is much more than meets the eye.

Between 2011 and 2013, the state will generate public and private investments totaling \$102 billion. This will make Rio the largest investment hub in the world, with investments equal to more than \$5 billion per square kilometer.

There are underlying structural factors that now place the state of Rio de Janeiro on an equal footing with many nations. The state’s GDP is

equivalent to that of the entire country of Chile.

In addition, Rio has a large, upwardly mobile population of 16 million and an unemployment rate of 5 percent, which means the state is in prime position to prosper and receive even more investments.

An abundance of natural resources also drives the state’s development. The state’s current and projected oil production is almost as much as that of some members of the Organization of the Petroleum Exporting Countries. This sector of the economy is expected to grow due to the ongoing discovery of new oil resources.

The combined effect of these positive factors is creating an attractive business environment and facilitating increased investment opportunities.

Commercial real estate sales and rentals in the city of Rio are now priced higher than offices in the most sought-after buildings in New York’s Manhattan.

Thus, it is understandable that while the state is also ripe for investment, it is the city of Rio that has been responsible for 25 percent of Brazil’s entire foreign direct investment.

The Federation of Industries of the state of Rio de Janeiro is one of the biggest Brazilian business entities, and its message is clear: Investment in Rio is no longer a choice. It is



My mission is not only to create a friendly business environment but also to lead investors in the right direction so they are properly informed and convinced that Rio is the place to invest.”

JULIO BUENO
SECRETARY OF ECONOMIC AFFAIRS FOR THE STATE OF RIO

now an essential business move, according to the federation.

“My mission is not only to create a friendly business environment but also to lead investors in the right direction so they are properly informed and convinced that Rio is the place to invest,” said Julio Bueno, the secretary of economic affairs for the state of Rio.

“Brazil’s economy cannot depend on just commodities. We need to become a creative economy; one based on innovation, technology and creation. That is what Rio has to offer,” Bueno said.

“Furthermore, the synergy and collaboration among CODIN (which is a State-owned industry development company), Rio Negócios, Invest Rio and my office are integral parts of successfully promoting, informing, educating and attracting investment to the state.”



PEDRO KIRILOS / RIOTUR

Aerial view of Arpoador, Ipanema and Leblon, Rio de Janeiro

But the city and the state have fought hard to earn this prime position. Less than a decade ago, the scene was very different. State of Rio Governor Sergio Cabral said the state has come a long way since the days before his administration took over.

“Rio is now on the right path. When we first took office in 2007, the state found itself destitute, with an oppressive lack of resources,” Cabral explained. The situation was so dire that debts were out of control, and the state could not afford to tackle the pressing issues of health, education, security and infrastructure.

The turnaround has been staggering, but the governor does not want to stop there. “By 2010, we had already received an investment grade

from Standard and Poors, and we were the first state government in South America to achieve this, so it was a huge achievement in relation to how we handled public policy,” he claimed, adding that “we are keeping this focus on effective management because it enables other public policies and investment creation to be successful.”

The state governor’s office and the city mayor’s team have worked hard to turn Rio into an investor’s dream. At the same time, they have improved quality of life in the city while readying it to host the two major global events. It has been a hard slog, but the rewards are paying off on a grand scale.

The joint effort sums up what Rio

and its people are about, said Marcelo Haddad, CEO of Rio Negócios. “We have a quality of life most would dream of, and we also now have a booming business environment to go with it,” he said, adding a few words of advice, “in Rio you work hard, but you enjoy life as well.”

SEE “GLOBAL” PAGE S2

We extend our sincere thanks to Quality Communication Productions for its help in the completion of this supplement

QCP | Quality Communication Productions

Sports events spur growth in developing country



P. ENGELBRECHT / RIO CITY HALL

The unifying power of Rio’s Olympics will last well beyond 2016.

Global athletic competitions to have long-lasting effects for their host city

A shift in politics and ambitions within the world’s sporting organizations has meant that more and more developing nations are being selected to host major global sporting events.

However, it seemed incredible to many that Brazil was awarded both the World Cup and the Olympics, and that they would take place within two years of each other.

Those decisions meant that the city of Rio de Janeiro not only had to gear up for the two most-recognized global sporting events, but that it would also have to host the Confederations Cup and the Paralympics.

Traditionally, the Confederations Cup is used as a practice run for the World Cup. It is held one year before

the main event and has, in recent years, become a well-attended event with enough of a following to be viewed as a considerable international sporting competition.

The Paralympics are run either in parallel with the games or slightly after the main Olympics.

So essentially Rio will be hosting four major events in the span of three years. In addition, it has also had to prepare for the World Military Games held last year.

With so many sporting champions, avid supporters, global sponsors and international political leaders heading for the city, Rio had to implement planning, investment, infrastructure rebuilding programs

and a general cleanup to ensure complete readiness.

As Julio Bueno, secretary of economic development for the state of Rio, has pointed out, “Rio de Janeiro is at a unique moment in its history; the federal, state and municipal governments are all aligned, having been chosen to host the biggest events in the world.”

United efforts are not just about being ready for the events but also about using the events to propel Rio onto the world stage, increase interest and promote investment in the state for the future benefit of its residents.

“This is the ideal environment to show that the state of Rio is attractive for new investments so it can generate employment and income for its growing population,” Bueno added.

For that statement to ring true, Rio needs to get its planning and timing absolutely right. The city seems on

track to meet its commitments and ideals.

During their latest visit to the city in March, the International Olympic Committee claimed that while there was not a second to lose, they were very pleased with the progress made so far.

“The challenge in front of the Brazilian team is an impressive one given the scale of the Games project and I can say that Rio 2016 and its partners continue to deliver successfully on their commitments,” stated coordination commission leader Nawal El Moutawakel.

With Rio on the right path, it looks like the city will be able to attract investment interest and gain an international reputation. Money is sure to pour into the city, and on a national scale, it is thought that the positive economic impact of the games could be as much as \$50 billion.

Special police squads bring order back to blighted slums

More than just a simple eyesore, the slums that house more than one-third of Rio de Janeiro’s population pose a great challenge for city leaders as they prepare to host the next World Cup and 2016 Summer Olympics.

These favelas, as they are known in Brazil, are not only an unsightly legacy of the poverty that Rio has long struggled with, they are also potentially a public safety threat to visitors.

Rio may never fully escape the image of poverty and crime that has always existed side by side with the city’s prosperity and natural beauty.

However, local authorities have been actively working to make these areas safe for all. Their names have even been changed to “communities” rather than favelas to reflect a real shift that is underway.

With the two upcoming events



PEDRO KIRILOS / RIOTUR

The colorful community of Dona Marta is an example of Rio’s true charm.

in mind, authorities have decided to widen what is called a security perimeter around the residential and tourist areas of the city.

This perimeter would allow special police units to move into the blighted areas and bring order when necessary.

These special units were formed in 2008, and more than 19 have been established since. With 21 more planned before the start of the 2014 World Cup, the authorities hope to

have targeted and pacified at least 40 of the worst areas.

It has been a high-risk strategy, but the returns are equally high.

The crime rate has already dropped, with violent crime falling by more than 50 percent in recent years.

Once violent criminals are cleared out of the slums, the city government can clean up as well as provide basic health and sanitation services to improve the area.

Carrying the torch to its future

Rio eyes revival in runup to Olympics



The Olympics represent a unique opportunity to have a project that can change the city forever.”

MARIA SILVA BASTOS MARQUES
PRESIDENT OF RIO DE JANEIRO’S MUNICIPAL OLYMPIC COMPANY

Despite the pressure of organizing the world’s premier sporting competition, Maria Silva Bastos Marques, president of Rio de Janeiro’s Municipal Olympic Company, seems to be taking it in her stride.

“There are only 24 hours in a day,” she joked, referring to the difficulties facing the city.

But Rio is making use of every single hour as it prepares for the 2016 summer games.

It is no secret that Rio, like any other city hosting the Olympics, faces many challenges.

Transportation, infrastructure, security and urban planning all require billions of dollars in investments. To add to the weight on the city’s shoulders, Rio will also host seven matches of the 2014 Soccer World Cup.

So far, the city has been able to finance many of the necessary projects with local, state and federal funds supplemented by public-private partnerships and private investment. There are still many

investment opportunities in almost every sector related to the Games.

To ensure the city is ready to deal with complex projects, authorities established the Municipal Olympic Company, and Bastos Marques, a renowned economist, was chosen to lead it in August 2011.

“For me, the Olympics represent a unique opportunity to have a project that can change the city forever. The Olympics bring the need and the urgency, but it is also about the legacy of the city,” she said upon assuming her new role.

She has taken responsibility for preparing the city to host the Games, but she is also looking further ahead and demanding that whatever is done for the Games is also done for the future of the city.

“Through the work we are doing, we will ultimately improve the city for its inhabitants,” she explained.

She is charged with overseeing preparations for the Games as well as plans to utilize Olympic facilities and infrastructure to make a lasting

impact on the city. After the games, the sports venues and new developments are expected to form a reference for the city in terms of urban planning and sustainability.

Rio Mayor Eduardo Paes was responsible for hiring Bastos Marques, and he is also clear about how the city’s preparations are coming along. “We are doing very well in preparing for the games,” he recently told local media.

Getting ready for a grandiose party is one art Brazil, home to “Carnaval,” has mastered, Paes said.

Global city through massive investment

‘Working hard and enjoying life’ as the 2016 Olympics approach

FROM PAGE S1

The advice of working hard and enjoying life is starting to become even more important as Rio rapidly becomes an investment powerhouse capable of attracting substantial financing.

The city and its people will need to continue the hard work as investment pours in, but they will also be able to enjoy the fruits of their labor.

The wider state of Rio is on track to receive at least \$102 billion in investment over the coming two years, a 70 percent increase on the preceding two-year period.

The investment will include public and private investment, both national and foreign.



Rio's booming business district.

Some 75 percent, or \$77.3 billion, is destined for industrial development, with Petrobras contributing \$60 billion and manufacturing accounting for almost \$17 billion.

Among the industrial investments, Comperu — the largest project underway in the entire country — stands out from the crowd.

The plan envisages development of a huge refinery along with a steel mill in the Açú Port Industrial Complex.

It also incorporates the expansion of the already renowned Gerdau plant in the state of Rio.

Alongside these investments, the construction of two new shipyards, one for the Brazilian Navy — which in future will be responsible for

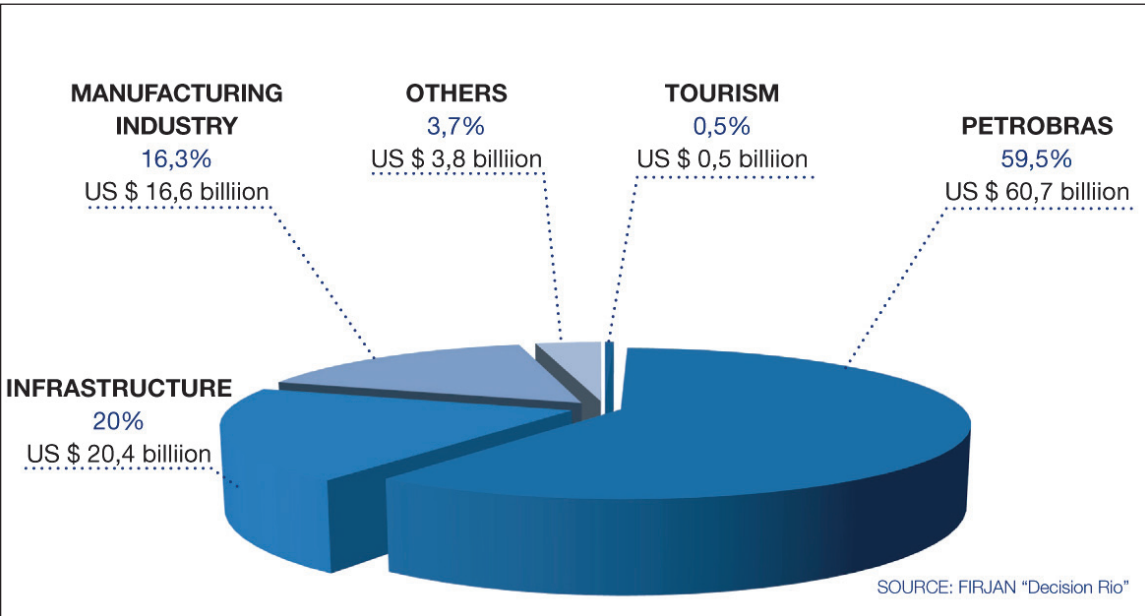
the construction of the Brazil's first nuclear submarine — and another for OSX to build platforms and support vessels.

During the three-year period the two shipyards will receive \$3.4 billion.

Of the \$20.4 billion earmarked for infrastructure, almost half — \$9.4 billion — will go to investments in energy, including the construction of the third Brazilian nuclear power plant which is already underway, and a thermo-electric coal plant of 2,100 mW in the Açú Port Industrial Complex, as well as substantial investments in renewable energy.

In the sectors of transport-logistics and urban development, the ongoing construction of the Açú Port Industrial Complex will require investments totaling almost \$1 billion.

As well, deployment of rapid transit bus systems in Rio de Janeiro



Investment in Rio de Janeiro from 2011 to 2013.

PHOTOS PROVIDED TO CHINA DAILY

ro will require \$1.2 billion and the Porto Maravilha — or Wonderful Port — project to revitalize the capital's dockland area will need \$1 billion.

The revival of the dockland area Porto Maravilha will prove to be one of the largest and most ambitious financing initiatives. The project will generate joint public and private investment of \$3 billion and will include urban infrastructure, residential housing, entertainment facilities and the development of local businesses.

The project is expected to create at least 40,000 new jobs and bring in an extra \$200 million a year in new taxes.

Among the \$102 billion planned for the period, about \$6.5 billion will be related to the 2016 Olympic Games, of which \$3.3 billion will be funded by both the public and private sector for hotels, infrastructure and refurbishment or construction of Olympic venues. The level of current and planned

In 2012 we will continue contributing to the economic legacy of the city, promoting this unique moment with large investments in infrastructure and energy so the city can assume its place as a truly global city.”

MARCELO HADDAD
CEO OF RIO NEGÓCIOS

investments, will make Rio a center of excellence across many sectors of Brazil's economy.

It is home to Petrobras, regulatory agencies and research institutions making it the oil producing headquarters of Brazil.

The city can also boast large clusters of energy, R&D centers and also has the largest number of IT professionals and students in Brazil, in addition to being home to mega companies like Vale and Eike Batista's EBX Group.

Marcelo Haddad, CEO of Rio

Negócios, explained that “we institutionally promote Rio as one of the world capitals of energy and the highest growth center of research and development in the country”.

He also described how Rio will stay on track to remain one of the world's strongest investment hubs.

“In 2012 we will continue contributing to the economic legacy of the city, promoting this unique moment with large investments in infrastructure and energy so the city can assume its place as a truly global city,” he said.

Fiscal milestones in financial strength

Since the global crisis hit world markets in 2008, making the grade for investment and moving up the rankings of rating agencies has been difficult for many national governments, let alone for regional, state and municipal authorities.

Yet Rio has been doing very well with both financiers and rating agencies.

Last year was very positive as the city of Rio was rewarded for three years of hard work. In November the municipal government received the second and last installment of a \$500 million World Bank loan to pay off its debt with the Brazilian federal government.

That sort of World Bank financing had never before been granted to a city and once again shows the faith in the city of Rio. After the loans, the city has managed to save millions of dollars for the public coffers.

By the close of 2011 not only had the city concluded its World Bank loan deal, it had also received increased ratings from both Fitch and Moody's.

Moody's already awarded the city an unprecedented investment grade of Baa3 in 2010, but in December last year it upgraded risk classification to the highest possible level of Aaa.br on the local scale, valid only in Brazil.

The rating not only proved that the city had become a safe haven for business and investment, it also came only a week after Fitch also awarded the city the same investment grade as the federal government — the first Brazilian city



The city of Rio is on a path of fiscal responsibility, risk aversion and economic growth.”
EDUARDA LA ROCQUE
SECRETARY OF FINANCE
CITY OF RIO DE JANEIRO

ever receive the standing.

Also in 2011 the city organized the first annual Rio Investors Day and the event showed Rio's attractiveness by attracting a range of regional and global heavyweights.

The second event is planned for May 21 to 22 this year to be brought together the

public and private sectors, and many personalities in world finance. The city also plans to use the event to showcase projects already underway.

As city mayor, Eduardo Paes publicly announced that “participants in Rio Investors Day 2012 will have the opportunity to

learn about the other side of the city, which is viewed as one of the 10 metropolises that best reacted to the world financial crisis of 2008”.

“The efforts of three years of recuperation in public finances and the local economy are paying off,” the mayor said.

“The city of Rio was awarded investment grade ratings from Moody's and Fitch at a time when we are also undergoing a period of transformation to prepare for two of the largest international sporting events — the 2014 Soccer World Cup and 2016 Olympics.”

One of the most instrumental leaders in Rio's growth and the stability of its economic development has been the city's secretary of finance, Eduarda La Rocque.

Previously a consultant for the finance department of the Brazilian Development Bank (BNDES), she was named as the city's secretary of finance in 2009.

She has managed to streamline public finances, sign the loan with the World Bank and achieve the investment ratings in only two years. She has also introduced an electronic invoicing system for the city that saved money and increased efficiency.

“We are on a path of fiscal responsibility, risk aversion and economic growth,” she has explained.

Rio is one of the best examples of how state and city cooperation has come together with the governor, mayor and departmental heads working together to build a strong future for the city with sound financial foundations.

Famed fun city Rio becomes an economic powerhouse

As Brazil's economy grows in strength and power, the city of Rio de Janeiro is beginning to show its importance and is about to build on its newfound global business prowess.

The four major sectors of the country's economy already consider the city of Rio their strategic base and future partner — sectors that are projected to represent almost 85 percent of the future investment in the entire national economy.

The city is also enjoying strong economic indicators such as generating 50 percent of the state's GDP and a quarter of the entire foreign direct investment in the country.

Rio is one of the few cities in the world that not only responded well to the global financial crisis, but has also shrugged it off as it continues to grow in importance.

Local politicians and business owners are probably right to claim that the city is undergoing something of a rebirth.

Looking at the figures of Brazilians flocking back to the city while crisis-hit North Americans and Europeans arrive in droves, it looks like the claim rings true.

An estimated quarter million Rio professionals abandoned their city of birth between 1980 and 2000 due to the lack of opportunities, but since 2009 almost 70 percent have returned.

One of the returnees is Marcelo Haddad, the CEO of Rio Negócios who said that “since I have come back I have seen so much energy and so much motivation to make things happen and I think that in the future Rio will be even more attractive than it already is.”

Rio is also beginning to be recognized as a center of opinion and leadership.

In June 2012 it will host the United Nations Conference on Sustainable Development, known as Rio +20.

Twenty years after the original 1992 Earth Summit in Rio, the UN is once again looking to Rio to stage this historic event which will bring together governments, international institutions and major groups to discuss ways of using smart measures to ensure a better form of development for the world, including poverty reduction and the sustainable use of resources.

Such achievements explain why Rio de Janeiro is growing in power and the center of media and broadcasting for both the World Cup and the Olympic Games.

Rio is now firmly on the map.

Forship: Wide solutions for complex projects

It may have started as a dream back in 1998, but what was once an idea for solutions in the commissioning process of complex industrial plants has become a successful reality. Today Forship is synonymous with innovation and solutions for both commissioning and regulatory support services.

Industrial construction has become an increasingly complex business with increasingly remote and smaller mineral, oil and gas discoveries in more hazardous and sensitive environments.

As a result, businesses providing regulatory support and commissioning are booming in Brazil.

Forship has been successful in recent years by increasing solutions that sup-

port foreign and multinational companies looking to operate in the Brazilian oil and gas industry.

Its custom-made services offer multinational companies a wide portfolio of services including translation and interpretation of local regulations and laws, reviewing project documentation, answers to technical questions, and recommendation of corrective measures where necessary.

Forship also offers foreign companies valuable technical support to communicate with Brazilian authorities and a technical labor force for specific regulatory activities.

Now a recognized benchmark in commissioning in Brazil and abroad,

Forship has been involved in over 100 projects related to more than 70 industrial plants in the last 12 years.

Its commissioning philosophy and practice minimizes the likelihood of problems that often arise in the earlier stages of projects, with significant impact in the overall project schedule and costs.

Importantly, Forship's commissioning services may be developed in China or Brazil as well as in other countries where equipment and modules of the industrial project are fabricated.

The company has set itself apart from its competitors through the development of methods and tools based on state-of-the-art technology.

In particular, Forship has developed, and now licenses to third parties, HMSWeb, a Web-based system that optimizes the management and execution of their commissioning activities. This gives Forship a highly competitive edge in the sector and shows their innovative qualities.

Forship's main offices and support are in Brazil, but to facilitate new relationships in Asia, it established the Forship Asia subsidiary in Singapore in 2006 to act as a first point of contact with clients as well as to manage the operations in the continent.

For more information, please visit www.forship.net



A vibrant culture, dynamic economy and connected population. We are Brazil's largest oil producer and a place with an athletic tradition and ambition. Rio de Janeiro doesn't tire; it doesn't flee from battle; it doesn't give up. Over recent years, it was the state that attracted the most investments in the country and it has an impressive portfolio of projects in this upcoming decade. Rio de Janeiro has decided to dream once again. And make its dreams come true.

energy



RIO DE JANEIRO.
Brazil's trademark.
marcaRJ.com.br



Rio de Janeiro state eyes possible oil rush

Vast offshore deposits could fuel further growth of Brazil’s petro-zone

The state of Rio de Janeiro is noted for its natural beauty and natural resources, which now include discoveries of so-called pre-salt energy that could be profoundly important to the region’s petrochemical industry.

The term pre-salt is associated with fuel resources below a 2,000-meter layer of salt, which is itself below another 2,000 meters of rock in waters 2,000 to 3,000 meters deep in the Atlantic Ocean.

Drilling through the rock and salt to extract underlying oil and gas can be very expensive, though the rewards for both investors and the economy can be very high.

Prior to the recent discoveries of pre-salt oil and gas off the Brazilian coast, Brazil’s probable and proven oil reserves were estimated at 20 billion barrels. The number may now well reach 70 billion barrels, but could even surpass 120 billion barrels, according to some industry experts.

It is a bonanza for the already rapidly growing economy.

Based on strong investment and exploration success, Brazil’s total production is expected to rise to 5 million barrels per day by 2020, compared with today’s figure of 2.7 million bpd.

Brazil’s discovery rate is one of the highest on record, with its rate of exploration success currently running at 85 percent. Compare that to the global average of 25 percent and you begin to grasp the strength of this growing sector of the economy and

begin to see how Brazil has overtaken economic powers such as the UK, Italy, Russia and India to become the world’s sixth-largest economy.

It is easy to understand why there is so much excitement in the country and why all major stakeholders are pushing for more investment and development.

“The pre-salt fields are Brazil’s new El Dorado,” explained Magda Chambriard, the new president of Brazilian oil regulator ANP and the first woman to hold the position.

“We have the opportunity for Brazil to gain fantastic scale, but we need to be very rigorous with all developments,” she said.

If all goes according to plan Brazil could well be on track to export more than 1.5 million bpd in the next few years.

A good start

The country is off to a good start. One of the pre-salt wells has already become a top-producing well yielding 36,000 bpd even though its commercial development only began in 2010.

Yet Chambriard pointed out “further investment in the sector needs to be encouraged to help boost Brazil’s industrial development because at the moment only 4 percent of the sedimentary basins thought to hold oil are being researched”.

To date investment has already poured in from the Brazilian government through the partly State-

“The pre-salt fields are Brazil’s new El Dorado. We have the opportunity for Brazil to gain fantastic scale, but we need to be very rigorous with all developments.”

MAGDA CHAMBRIARD
PRESIDENT OF BRAZILIAN OIL REGULATOR ANP

owned company Petrobras, the biggest player in Brazil’s oil industry and the largest company in Latin America by market capitalization and revenues.

Petrobras now has operations in more than 20 countries and assets worth more than \$150 billion. It raised over \$70 billion in 2010 in the largest share offering on record to fund development of the offshore basins.

Though its monopoly ended 1997, by 2010 it was still responsible for 91 percent of the crude oil produced in the country and has now become the third largest energy company in the world.

Petrobras plans to invest an additional \$225 billion by 2015 as it eyes further development of the pre-salt area and a boost in production.

The share of pre-salt crude in the company’s overall production is projected to rise from around the current 2 percent to more than 18 percent by 2015 and as much as 40 percent by 2020.

The company’s 2011-2015 business plan includes at least 24 new drilling rigs, seven exploration wells,



A Petrobras platform in the Bay of Guanabara, Rio de Janeiro.

PETROBRAS / FOR CHINA DAILY

and new boats and platforms.

Room for others

Petrobras may well be a dominant force in Brazil’s oil and gas industry, but that does not mean there is no room for foreign players to invest, operate and grow.

The biggest foreign oil companies include Royal Dutch Shell, Chevron, BG, Statoil and a Japanese consortium known as Frade Japão.

From the government, ANP,

and even from Petrobras, the message is clear: foreign investment is welcome and necessary. Foreign companies could also look to expand their interests in Brazil through two anticipated licensing rounds which are expected to take place this year.

Brazil’s pre-salt region stretches from Cabo Frio in the state of Rio de Janeiro to Florianópolis in Santa Catarina across an area measuring 160,000 square kilometers.

But it is the state of Rio de

Janeiro that has by far the largest oil and gas reserves, so unsurprisingly it is home to the majority of Brazil’s energy companies, industry suppliers and oil and gas conferences and events. Due to the pre-salt discoveries the state is now receiving even more attention and investment.

If it is to turn into an old-fashioned oil rush, investment is needed as money further down the supply chain is surprisingly hard to come by.

Petrobras alone has a huge

supplier chain of more than 5,000 companies, but 65 percent of them are classed as small with little funding and not always able to offer professional management.

Some private equity fund managers believe that only four percent or 200 of these companies are in a position to interest serious investors. But everyone agrees that one way or another, money will be drawn to Rio de Janeiro and that the state will benefit greatly from the discoveries.

www.vale.com

China and Vale:
caring for
the environment
and preserving
the future for
coming generations.

Sustainability

Vale is a leading mining company, and our work goes far beyond mining.

We also work towards encouraging sustainability all over the world, building positive legacies in the areas we are present. In December 2010, Vale began an innovative environmental protection program in western China, in partnership with the government. The non-profit program supports projects that make real contributions to environmental protection, while also helping to promote economic and social development in the region. Preserving the environment means preserving the future for coming generations. For today and tomorrow.



Urban transport still Rio's toughest challenge

Sustainable transportation needed as Brazil gears up for World Cup, Olympics

As Brazil readies itself to host the world's two largest sporting contests, its leaders realize the importance of having the right infrastructure in place to sustain growth and handle the transportation of goods and people these events will demand.

At a first glance, it seems as though Brazil's sudden success has taken the nation by surprise. Though Brazil's selection as the host for the World Cup and the 2016 Olympic Games confirms the country's status a rising power, it lags behind in terms of investment in and the management of transport infrastructure and systems.

However, money has been set aside and work is now well underway to create nationwide transportation infrastructure designed to not only accommodate the influx of visitors in 2014 and 2016, but also to provide for the country's transportation needs well into the future.

Brazil's federal government has set aside \$4.3 billion for urban transportation infrastructure, and state and local authorities have committed a further \$2.15 billion, bringing the total to be spent on urban transport to almost \$6.5 billion.

It is also thought that private investment will come on board and increase the total figure to be spent.

Across the country, Bus Rapid Transit, or BRT, systems have been identified as the most suitable option for addressing the challenge of investing in and improving the nation's urban transportation infrastructure.

To date, only half of the

projects have started the construction phase, while construction has been finished on only one of the projects, which is located in Uberlândia in the western part of the state of Minas Gerais.

Brazil needs to pick up the pace of the projects, though it is estimated that the construction phase of all the projects will come to an end by 2014.

The country has agreed that the BRT projects are necessary, and when completed, they will bring benefits to the municipalities they serve, the nation's leaders say.

Nobody is more optimistic about the prospects of BRT than Toni Lindau, director of the Center for Sustainable Transport in Brazil (CTS-Brasil), part of the international EMBARQ network, whose mission is to catalyze and help implement environmentally and financially sustainable transportation solutions to improve quality of life in cities.

"This is a critical time for mega-cities all over the world. All cities face the same burden of rapid motorization and population growth," he claimed in a message to followers last year.

He is even clearer about why Brazil needs the BRT. "All of the projects are envisioned as long-term infrastructure improvements. I noticed that in previous host countries some of the projects, such as the park-and-ride transport project, only lasted as long as the World Cup. In Brazil, we're planning on fully investing in lasting transportation

improvements, not quick-fix projects," he added.

The Rio solution

There is perhaps nowhere in Brazil where transportation challenges are more compounded than in Rio de Janeiro, and its current lack of infrastructure is its most serious problem.

However, the hope is that BRT will be a lasting solution for the city's inhabitants and the millions of visitors estimated to arrive in the city in 2014 and 2016.

Rio has a population of more than 6.3 million living within a city boundary of 1,200 square kilometers. In its densely populated neighborhoods, there are more than 2.2 million vehicles operating on a daily basis, and more than 4.3 million trips are made using public transport, which includes a fleet of 11,000 buses.

Furthermore, the city's Maracanã stadium will host seven matches of the 2014 Soccer World Cup, including the final, and much of the 2016 Olympics will be held in and around the stadium.

Current traffic management schemes used at local soccer matches will not be good enough for these global events, so BRT projects have been established to address the shortcomings and deliver on development needs over a longer period of time.

Lindau explained: "In Rio, there are already plans for three new BRT systems, including some in areas that currently have no public transport."

These plans include new dedicated bus lines covering



JOÃO PAULO ENGELBRECHT / RIO CITY HALL
Brazilian President Dilma Rousseff (third right), Rio de Janeiro Governor Sergio Cabral (first right), Mayor Eduardo Paes (fourth right) and Brazilian Olympic Committee Chairman Carlos Arthur Nuzman (second right) unveil the Transcarioca BRT.

“All of the projects are envisioned as long-term infrastructure improvements. I noticed that in previous host countries some of the projects, such as the park-and-ride transport project, only lasted as long as the World Cup. In Brazil, we're planning on fully investing in lasting transportation improvements, not quick-fix projects.”

TONI LINDAU, DIRECTOR OF THE CENTER FOR SUSTAINABLE TRANSPORT IN BRAZIL (CTS-BRASIL)

heavy work is well underway. In January this year, the city unveiled its first completed BRT station at Estrada do Magarça.

With this level of invest-

ment and construction work it is clear that Rio de Janeiro has awakened to the need to upgrade its infrastructure, officials say.

Whether the city's BRT is

finished on time or not, the city will, in the future, have a transportation system fit for the 21st century and one that will enable further growth, investment and development.



Petrobras is more than an oil company.

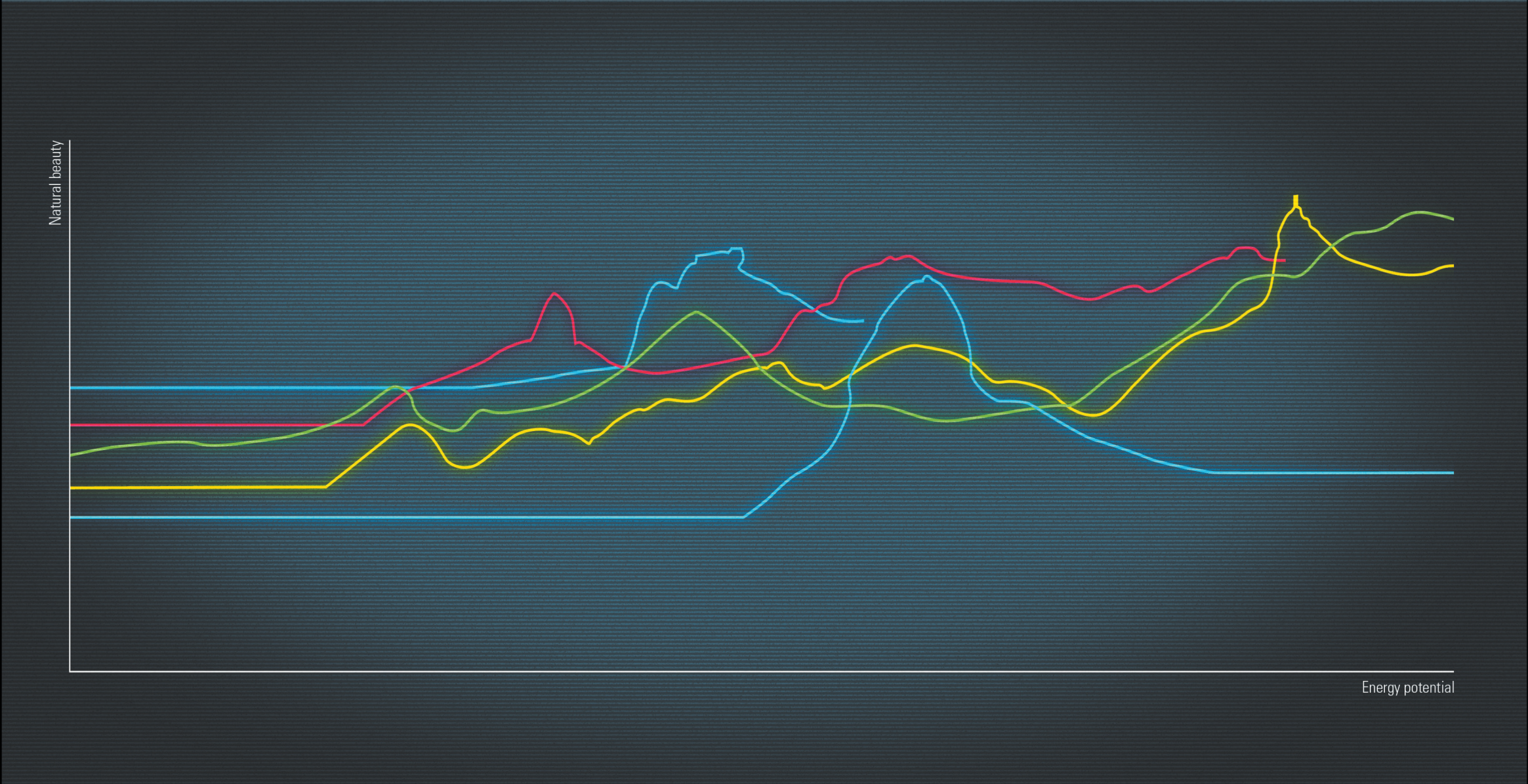


And if you think about it, it's more than an energy company too.

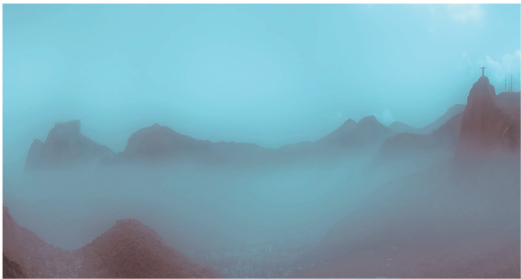


Petrobras is renowned around the world for its technology and leadership in deep and ultra-deepwater exploration and production. It's also a pioneer in biofuels and invests in alternative energy sources. But, more importantly, Petrobras is committed to social and environmental development and fosters good citizenship values, culture and the arts. If the future is a challenge, Petrobras is ready for it.

RIO DE JANEIRO IS BRAZIL’S POSTCARD.
BUT WHEN IT COMES TO CONVINCING YOU
TO INVEST IN ITS ENERGY SECTOR,
WE PREFER TO CHANGE
THE IMAGES FOR NUMBERS.



Rio de Janeiro has always been at the center of energy development in Brazil. And the numbers confirm that Rio has a lot of potential for growth in the area. Today, it boasts over 85 energy generating undertakings. It is the location of our atomic plants. It produces 85% of all petroleum in the country. 70% of the pre-salt area is situated within the state. And the main companies in this segment are headquartered here. This scenario shows that Rio de Janeiro is the ideal place for those who



want to invest in the energy sector. Another contributing factor is Rio’s willingness to invest in clean energy sources. With the help of research, Rio has been at the forefront of creating and perfecting this new sector segment, demonstrating concern with the people who live here and with the planet as a whole. Find out more about the work being developed by Rio de Janeiro in the energy sector and discover that when it’s time to invest, you or your company will not find a better place. Or a prettier one.

www.rj.gov.br/web/sedeis



JOINING FORCES

SECRETARIAT OF
ECONOMIC DEVELOPMENT,
ENERGY, INDUSTRY
AND SERVICES