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## DEPARTMENT OF COMMERCE

International Trade Administration

Architecture Services Trade Mission to Rio de Janeiro and Recife, Brazil, October 7-10, 2013

**AGENCY:** International Trade Administration, Department of Commerce.

**ACTION:** Notice.

### MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration (ITA), U.S. and Foreign Commercial Service (CS), with support from the American Institute of Architects (<http://www.aia.org>), is organizing an executive-led Architecture Services Trade Mission to Brazil from October 7 to 10, 2013. The purpose of the mission is to introduce U.S. firms to Brazil's rapidly expanding infrastructure projects, and to assist U.S. companies to pursue export opportunities in this sector. The mission to Brazil is designed for U.S. architectural, project management, and design services companies, that provide state-of-the-art and world class designs. Target sectors holding high potential for U.S exporters include: master planning (regional design—city planning or regional planning, port re-development—design of the walkways, buildings, etc. along the port); hospitals and health care architecture; airports/other transportation infrastructure facility architecture; mixed-use projects architectural services; and educational facilities.

The mission will include stops in Rio de Janeiro and Recife, where participants will receive market briefings and participate in customized meetings with key officials and prospective partners.

The mission supports President Obama's National Export Initiative (NEI) and his goal of doubling U.S. exports by 2015 to strengthen the U.S. economy and U.S. competitiveness through meaningful job creation. The mission will help U.S. companies already doing business in Brazil to increase their footprint and deepen their business interests.

The mission will help participating firms and associations/organizations gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports of services to Brazil. The mission will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with state and local government officials and industry leaders; and networking events. Participating in an official U.S. industry delegation, rather than traveling to Brazil on their own, will enhance the companies' ability to secure meetings in Brazil.

The mission will be supported by the American Institute of Architects (AIA) (<http://www.aia.org>). All U.S. architecture/construction/engineering (ACE) trade associations or organizations are encouraged to apply. The mission is open broadly to all U.S. firms, service providers, and organizations in the ACE sector, whether or not they are members of AIA or any other ACE trade association/organization. Selection criteria for participation, as set out below, are the same for all applicants.

## **COMMERCIAL SETTING**

Brazil is experiencing major growth in the ACE industry. The country will capture global attention as its major cities are undergoing a construction boom in preparation for the World Cup in 2014 and, specifically for Rio de Janeiro, the Olympic Games in 2016.

Architectural design and Engineering projects around the country, from roads and stadiums to airports and retail space, are abundant. Although there is strong competition from local firms, American ACE firms with a niche expertise are welcome to do business in Brazil by working with local partners, provided they understand the legal and regulatory requirements and procedures for being able to work in Brazil. U.S. and international ACE companies are finding business in Brazil because of the high level of private sector and government investments in infrastructure.

The Brazilian Equipment and Maintenance Technology Association (Sobratema) states that the infrastructure sector is estimated to receive US\$ 600 billion in investments from 2013 through 2017. The sum will be divided between the energy and infrastructure sectors, with a larger amount allocated for infrastructure development such as road, rail, ports and stadiums.

US\$66.5 billion will be invested over 25 years in building 7,500 km of highways and 10,000 km of railways in Brazil. US\$1.10 billion will be invested in Ports and another US\$3.15 billion will be invested in Port terminals.

In the airport sector, three of the major airports have been recently privatized and two more are scheduled to be privatized by the end of 2013, in the major cities of Rio de Janeiro and Belo Horizonte. The Brazilian Federal Government will invest US\$3.65 billion in 270 airports around

the country, with the goal that 96% of Brazilians will be no more than 100 km from an airport.

Please see Country Commercial Guide Airport Industry best prospect at

<http://export.gov/brazil/doingbusinessinbrazil/index.asp>.

The outlook for the coming years seems positive, especially due to the model outlined in the

Public-Private Partnerships (PPPs) of Brazil's Growth Acceleration Program (PAC)

(<http://homologacao.brasilglobalnet.gov.br/CDInvestimento/dados/I/7.3.ParceriasPublicoPrivada>

sPPPs.aspx). It is expected that concessions and privatizations in many infrastructure projects

will provide the opportunity for further investments in the future. These major investments will

bring many opportunities for ACE firms that are capable and ready to partner with local

construction and engineering firms that are active in PPP projects.

Best Prospects in the architectural sector can be found in areas such as airports, ports, hospitals,

and include:

- Ports (Port of Rio and Santos re-development - design of the walkways, buildings, along the port)
- Airport design (such as airport terminals, existing and expansion of terminals, security)
- Industrial design for plants, manufacturing, new or planned extensions
- Health sectors (new hospitals and upgrades to existing)
- Lighting design, including commercial, industrial, urban (LED is increasingly gaining popularity in Brazil)
- Urban planning (non-residential design, technology, and equipment for "smart cities")
- Sport venues design and equipment
- Building Information Modeling (BIM) Process

Many ACE projects are now being required to contain sustainable or “green” content, according to Leadership in Energy and Environmental Design (*LEED*) and other certification programs.

## **Rio de Janeiro**

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.

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). The Port area and the international airport (GIG) will be undergoing major expansions. The international airport in Rio is scheduled to be announced for privatization around the fall of 2013, creating opportunities for architectural firms to partner with concession winners.

For an understanding of the regulatory environment that architectural design firms face in Brazil, please read our report on licensing at: [http://export.gov/brazil/games/eg\\_br\\_024085.asp](http://export.gov/brazil/games/eg_br_024085.asp).

## **Recife**

Recife is the capital of the state of Pernambuco and the largest city in Brazil's Northeast with a population of more than 8 million people in the metropolitan area. It will also serve as a host city for the 2014 World Cup. The Northeast is Brazil's fastest-growing region, and Pernambuco is Brazil's fastest-growing population center. Pernambuco and Recife have generated the highest economic growth rates in recent years, and infrastructure projects to support the growth abound. In the last two years, Brazil's gross domestic product grew 7.5 and 2.7 percent. Meanwhile, Pernambuco's economy grew by 9.3 and 4.5 percent respectively, according to the Brazilian statistics agency. Many Brazilians now migrate to the Northeast to find work, a complete turnaround from the historical migration pattern.

Pernambuco is home to the industrial complex and port of Suape, which has more than 100 companies present and a further 25 in various phases of starting up. According to the Global Director at the port, private investment now equals around \$27 billion. Suape also hosts the largest shipyard in the Southern Hemisphere and Petrobras' Abreu e Lima refinery, the largest and most modern oil refinery in Brazil. Two new shipyards are under construction. The state government is also building the Suape Business Center that will have a 192-room hotel and four business towers to support the business community around Suape.

Logistics in the region are also an area of investment, with Pernambuco planning to invest \$31 billion. This includes over \$5 billion for the railway connecting two ports, Suape and Pecem (in the state of Ceara), with the interior of the region. According to local business leaders, the government of Pernambuco plans to invest \$20 billion over the next 10 years to build 14 planned cities. One such city, Cidade da Copa, is being built in conjunction with the Pernambuco Arena,

Recife's newly built stadium seating 47,000 spectators that will host World Cup games. It will be one of the first "smart" cities constructed in Latin America. Cidade da Copa is planned to have residential and business units, a university campus, an indoor arena, a hotel, and a convention center.

## **MISSION GOALS**

The goals of the Architecture Services Trade Mission to Brazil are to provide U.S. participants with first-hand market information, and one-on-one meetings with business contacts, including potential partners, so that they can position themselves to enter or expand their presence in the Brazilian market. As such, the mission will focus on helping U.S. companies obtain market information and establish business and government contacts.

The mission will also facilitate first-hand market exposure and access to government decision makers and key private-sector industry contacts, especially potential partners. It will provide opportunities for participants to have policy and regulatory framework discussions with Brazilian government officials and private sector representatives, in order to advance U.S. architectural sector interests in Brazil. It will provide participants with an opportunity to meet with Brazilian architecture trade associations, such as ASBEA and CAU, to foster long-term partnerships and for sharing best practices and continuing education, especially with trade association/organization participants.

## **MISSION SCENARIO**

The mission will start in Rio de Janeiro with a welcome dinner on Sunday, March 6. The next day the participants will attend a briefing organized by CS Rio before introducing guest speakers

to provide an overview of the city and state projects. Additional planned events include site tours and matchmaking events with ACE potential partners, including briefings on the upcoming airport concessions and/or port areas, city planners etc.

In Recife, the delegates will start with briefings by local industry and government officials on the opportunities available in Recife, the state of Pernambuco, and the Northeast region. The afternoon's agenda will comprise one-on-one matchmaking meetings.

The following day, mission participants will have the opportunity to tour the port of Suape. In addition to being the largest port in the region, it hosts an expanding industrial cluster. Because of the large number of people employed and the distance from the port to the city of Recife, various planned cities are being constructed in the area, which we will tour.

The participants will attend policy, market and commercial briefings by the U.S. Commercial Service and industry experts as well as networking events offering further opportunities to speak with government officials as well as potential distributors, agents, partners and end users. U.S. participants will be counseled before and after the mission by CS Brazil staff. Participation in the mission will include the following:

- Pre-travel briefings on subjects from business practices in Brazil to security;
- Pre-scheduled meetings with government officials, potential partners, developers, and local industry contacts in Recife and Rio de Janeiro
- Airport transfers during the mission between the stops in Rio and Recife;
- Participation in networking receptions in Rio and Recife; and participation in matchmaking meetings with potential partners and developers in both cities.

## PROPOSED TIMETABLE

<b>Rio de Janeiro</b>	
Sunday – October 6	<ul style="list-style-type: none"><li>• Arrive in Rio</li><li>• Evening Welcome Dinner</li><li>• Overnight stay in Rio</li></ul>
Monday – October 7	<ul style="list-style-type: none"><li>• Breakfast briefing FCS</li><li>• Briefing by industry experts and gov't officials</li><li>• Networking lunch w Chamber/Association</li><li>• Matchmaking meetings</li><li>• Evening Reception</li><li>• Overnight stay in Rio</li></ul>
<b>Rio/Recife</b>	
Tuesday - October 8	<ul style="list-style-type: none"><li>• Site Visits in Rio</li><li>• Networking Lunch in Rio</li><li>• Afternoon travel to Recife</li><li>• Overnight stay in Recife</li></ul>
<b>Recife</b>	
Wednesday– October 9	<ul style="list-style-type: none"><li>• Meetings with local industry and government officials</li></ul>

	<ul style="list-style-type: none"> <li>• Networking lunch with local industry representatives</li> <li>• Matchmaking meetings</li> <li>• Overnight stay in Recife</li> </ul>
<b>Recife</b>	
Thursday – October 10	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Mission Officially Ends</li> </ul>

## **PARTICIPATION REQUIREMENTS**

All parties interested in participating in the trade mission must complete and submit an application package for consideration by the U.S. Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 15 and maximum of 20 firms and/or trade associations or organizations will be selected from the applicant pool to participate in the mission.

### **Fees and Expenses:**

After a company or trade association/organization has been selected to participate on the mission, a payment to the U.S. Department of Commerce in the form of a participation fee is required. The participation fee is \$3,250 for small or medium-sized enterprises (SME)<sup>1</sup> and trade associations/organizations. The participation fee for large firms is \$4,000.00. The fee for each additional representative (large firm or SME or trade association/organization) is \$750.

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<sup>1</sup> An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see [http://www.sba.gov/services/contracting\\_opportunities/sizestandardsttopics/index.html](http://www.sba.gov/services/contracting_opportunities/sizestandardsttopics/index.html)). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

**Exclusions:**

The mission fee does not include any personal travel expenses such as lodging, most meals, local ground transportation (except for transportation to and from meetings, and airport transfers between Rio and Recife during the mission), and air transportation. Delegate members will however, be able to take advantage of U.S. Government rates for hotel rooms. Visas will be required. Government fees and processing expenses to obtain such visas are also not included in the mission costs. However, the U.S. Department of Commerce will provide instructions to each participant on the procedures required to obtain necessary business visas.

**CONDITIONS FOR PARTICIPATION:**

Applicants must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's or association/organization's products and/or services, primary market objectives, and goals for participation by **August 9, 2013**. If the Department of Commerce receives an incomplete application, the Department may either: reject the application, request additional information/clarification, or take the lack of information into account when evaluating the applications.

Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, are marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content. In the case of a trade association or organization, the applicant must certify that for each company to be represented by the

association/organization, the products and/or services the represented company seeks to export are either produced in the United States or, if not, marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content.

In addition, each applicant must:

- Certify that the products and services that it wishes to market through the mission would be in compliance with U.S. export controls and regulations;
- Certify that it has identified to the Department of Commerce for its evaluation any business pending before the Department that may present the appearance of a conflict of interest;
- Certify that it has identified any pending litigation (including any administrative proceedings) to which it is a party that involves the Department of Commerce; and
- Sign and submit an agreement that it and its affiliates (1) have not and will not engage in the bribery of foreign officials in connection with a company's/participant's involvement in this mission, and (2) maintain and enforce a policy that prohibits the bribery of foreign officials.

#### **SELECTION CRITERIA FOR PARTICIPATION:**

Targeted mission participants are U.S. companies and trade associations/organizations providing or promoting ACE services that have an interest in entering or expanding their business in the Brazilian market. The following criteria will be evaluated in selecting participants:

- Suitability of a company's (or in the case of a trade association/organization, represented companies') products or services to the Brazilian market.
- Company's (or in the case of a trade association/organization, represented companies') potential for business in Brazil, including likelihood of exports resulting from the mission.
- Consistency of the applicant company's (or in the case of a trade association/organization, represented companies') goals and objectives with the stated scope of the mission.

Additional factors, such as diversity of company size, type, location, and demographics, may also be considered during the review process.

Referrals from political organizations and any documents, including the application, containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

## **TIMEFRAME FOR RECRUITMENT AND APPLICATION**

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar (<http://www.export.gov/trademissions/>) and other Internet web sites, press releases to general and trade media, direct mail, broadcast fax, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows.

Recruitment for this mission will begin immediately and conclude no later than **August 9, 2013**.

The U.S. Department of Commerce will review applications and make selection decisions on a

rolling basis beginning June 24, 2013 until the maximum of 20 participants is selected.

Applications received after **August 9, 2013** will be considered only if space and scheduling constraints permit.

## **CONTACTS**

### **U.S. Commercial Service Washington,**

#### **DC**

Arica Young

U.S. Commercial Service

Washington, D.C.

Tel: 202-482-6219

E-mail: [Arica.Young@trade.gov](mailto:Arica.Young@trade.gov)

### **U.S. Commercial Service Brazil**

Patrick Levy

U.S. Commercial Service

Rio de Janeiro, Brazil

Tel: +55+21-3823-2413

E-mail: [Patrick.Levy@trade.gov](mailto:Patrick.Levy@trade.gov)

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Elnora Moye

Program Assistant

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