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BRAZILIAN WAVE

Production vs National Agenda
To optimize results or reduce costs?

Update on Customs Clearances
Taxing times in Rio de Janeiro

Enough Navy Officers in Brazil?
New challenges in recruiting & qualifying



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Boats moved into the background in Brazil as Football took Centre Stage

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Drilling & Production

The latest from Brazil

Karoon Confirms Drilling Rig

As anticipated in our May edition, the Olinda Star, owned by Queiroz Galvão and currently working for Petrobras, has been confirmed for Karoon's drilling campaign scheduled to start in September this year. The program covers the drilling of two firm wells plus two optional wells in the S-M-1037, 1101, 1102, 1165 and 1166 blocks.

Coming Soon

The drilling rig Ocean Clipper is set to return to Brazil in October after concluding the drilling of one well in Colombia. Chartered by Petrobras since 2011 for a daily rate of USD 425,000, the unit was demobilized in May this year. In Brazil, the Ocean Clipper costs the State major USD 313,000 per day and its contract ends in December 2015.

Renewed

The rig owners Seadrill, Diamond, Pacific Drilling and Ocean Rig had some of their contracts with Petrobras renewed for an additional three years each. The units West Eminence (SS-69), Ocean Taurus (SS-68), Pacific Mistral (NS-34), Ocean Valor (SS-77), Ocean Courage (SS-75), Corcovado (NS 40) and Mykonos (NS-39), all dedicated to the Santos pre salt, will operate under a new daily rate between USD 460,000 and USD 505,000, which is lower than the rate in the current contracts.

What is Coming Next for Roncador?

After being demobilized from the field in March this year, the FPSO Brasil is set to be re-delivered to SBM Offshore and there are no future plans for the unit yet. Due to this situation, Petrobras has until the end of the year to present to ANP a new strategy for the area which includes a new FPSO, a new gas lift manifold for P-52 and seven new wells.

Below Expectations

Only Odebrecht and Seadrill presented proposals for buying a 15% stake on the first drilling rigs of Sete Brasil, set to be chartered by Petrobras. Seadrill is interested in all of the first seven units while Odebrecht in only two. The tender involves the drilling rigs Arpoador, Copacabana, Grumari, Ipanema, Leblon, Leme and Marambaia and all are scheduled to begin operating between June 2015 and July 2019.

FPSO OSX-1 for Sale

OSX has decided to sell its FPSO OSX-1 which is currently working in Tubarão Azul for OGpar. The unit will be demobilized from the field within the next few months and will join OSX-2 which is also for sale. The shipyard has been in the market since last year looking for a buyer for OSX-2 with no success so far. The OSX-1 produced an average of 3.9 thousand boed in May this year and has a total capacity to produce 60 thousand of boed and to store 900 thousand barrels.

Headline News



Production vs National Agenda

Pressure over exploration and production costs are at a peak. Contractors in all Exploration and Production areas operate under constraints, and that includes the offshore support industry. Recent actions such as the increasingly analytical contracting process of Petrobras with consequential delayed contract confirmations are evidence of the tough operational environment and cost-cutting mindset.

“Petrobras has been operating under pressure to reduce costs for several years now.”

In any business, pressure for optimized results inevitably crosses swords with price costs. The goal is seeking price whilst not compromising productivity. Petrobras has been operating under pressure to reduce costs for several years now. The effects of such a mentality are felt from contracting processes which take much longer time to reach conclusion but also at field level too. In the global picture however, the “savings” generated by such actions are not nearly comparable to the macro-economic factors driving the oil major’s results.

In the last three years, the share value of Petrobras has dropped by than 45%. Comparatively with its American peers, under Bloomberg's XLE report, Petrobras has lost over 70% in value. The XLE report takes into consideration the average growth of the main American oil operators.

In 2008, the market value of Petrobras was over USD 400 billion, and currently it is around USD 250 billion. In perspective, the entire investment expected for the E&P division on the oil major Business Management Plan for 2014-2018 is USD 153 billion.

The actions that are set to drive market value up the ladder, besides demonstrating the ability to efficiently cut costs, are those related to expanding the business and increasing the return per share. The Brazilian government has established that the pre-salt layer under non-licensed blocks (which were already awarded under the concession regime) would be operated by Petrobras under the sharing regime. Furthermore, the government would be free to choose the operator for its share of the pre-salt, which is clearly stated in article 12 of the Lei de Partilha. Meaning that, any oil company being nominated by the government to explore and produce out of its portion, would automatically have an increase on its reserves and future production.

Some might argue that still the concession regime is better; however it is undeniable that with the right balance, the sharing system can function quite well to the advantage of all parties.

And so it happened that in June 2014 the government sealed a contract with Petrobras to explore and produce out of its portion in four fields covering the pre-salt areas of NE of Tupi, the surroundings of Iara field and further Florim and Buzios. This could represent over 15 billion barrels of production. But the market has not received the news in a positive manner; on the contrary, having reacted negatively to some of the arrangements of the deal.

Firstly, being a pre-salt area, the operating costs are expected to reach historical levels, in line with what has been seen on other pre-salt areas. Although these are relatively lower per barrel compared to some mature and post-salt fields. It is the capacity to generate cash for increased operating costs which concerns analysts.

The Government as partner, has agreed with Petrobras that although production in the areas is expected to start in 2020, Petrobras will pay USD 15 billion by 2018 to the Government, of which USD 2 billion has already been paid in 2014. The remaining balance of USD 13 billion will be made in the next four years. It is not a traditional arrangement - although in a sharing regime there is no historical precedent to show how good or bad this may be.

“It is pointless to assign blame maybe this is just the nature of the beast of doing business in Brazil. ”

Is it bad business for Petrobras? Not necessarily. Amongst the three board members who are not representatives of the government, at least one has

openly stated as being in favor of the deal. The board under Petrobras bylaws does not have to be consulted for such agreements and even if it had, the Government having the majority would still have made sure the agreement was approved. Still, several see the agreement as positive. Yet, the market have made the inevitable link of this decision to the electoral process which the country will undergo in October. Some mention that the Government is reaching into Petrobras' pockets to optimize its own results.

What all that means to all contractors out there including the offshore support sector is, 2014 is a tough year where any major decision being taken by Petrobras will be somehow linked to the electoral process – irrespective of being a political decision or not.

Right across the supply chain everyone is feeling the pressure. At the contracting side, it is not that quite the case that everything has grown to a halt - but nearly. However, it is pointless to blame the Government, Petrobras, the press or the market, maybe this is just the nature of the beast of doing business in Brazil. ■

Vessel News

Chartering Activity



ASTROMARITIMA - Brazilian built and flagged Astro Enchova has been fixed on the spot market to Cockett Marine for the end client Transocean from mid-June. The vessel has also been fixed to Oceanpact for 15 days firm plus options for the end client Karoon, this is expected to be confirmed with Karoon for their drilling campaign.

MAERSK - AHTS Maersk Pacer is on hire to HRT having started its two year firm contract to support operations in the Polvo field.

BRAVANTE - PSV 4500 DP2 Bravante VIII is expected to arrive in Brazil in October to join its sister ships Bravante V, VI and VII. These last three PSVs are being employed in different contracts in Q3 and Q4 supporting Petrobras.

LABORDE - Brazilian built and flagged LAB180 has been fixed on the spot market to Oceanrig for one cargo run. The vessel was also fixed to OGPar for 30 days firm plus options.

ECO TUG - OSRV Eco Octo has been fixed twice by Tramp Oil on the spot market to assist transport fuel, and further to Noble Corp for a cargo run to the Noble Dave Beard.

SEACOR - Brazilian built and flagged PSV Seabulk Angra has taken over the role of Astro Vermelho with OGPar under Oceanpact contract as OSRV.

ASTROMARITIMA - Brazilian built and flagged Astro Vermelho is undergoing repairs aiming readiness for the sport market.



The Astro Enchova is expected to work for Karoon

DOF - AHTS Skandi Giant DP2 195t bollard pull is expected available by October in Brazil depending on on-going negotiations with the current charterer Petrobras.

MAERSK - AHTS Maersk Provider is currently available on the spot market and is expected to be nominated as one of the AHTSs to support Karoon Brasil together with the Maersk Puncher coming from overseas.

LABORDE - SPSV 300m2 main deck area Magnolia Mar has been through a maintenance period and is prompt available in Guanabara Bay.

FARSTAD - AHTS Far Senator has been standing by in Brazil since its charter conclusion with Shell Brasil last month. The vessel is geographically well positioned to take one of Karoons' fixture subject to confirmation.

DEEPSEA SUPPLY - Brazilian built and flagged PSV 4700 Sea Brasil has been trading on the spot, with fuel runs mid-June and early-July to Ensco and Tramp Oil. The vessel is expected to be confirmed for a three month contract award

before the end of July.

SIEM OFFSHORE - Brazilian built and flagged PSV 4700 DP2 Siem Giant, sister to Siem Atlas currently employed with Petrobras, has been delivered by Vard shipyard in Rio de Janeiro and is prompt available in Guanabara Bay.

STARNAV - Recently delivered ex-Asia yard PSV 4500 Starnav Aquarius has arrived in Brazil and is currently undergoing modifications in Starnav's Detroit shipyard in Itajaí - SC, ahead of an anticipated contract with Petrobras as the end client.

FARSTAD - AHTS Far Sea is expected to enter the optional period with Van Oord which is to be declared before the end of the month.

OCEANPACT - All 3 OSRV 300 Clarisse, Carmen and Celia have been upgraded to DP1, in anticipation to more stringent demands from IBAMA to be reflected by the oil majors when tendering for vessels.

Operator Update

Brazilian Activity

New wells in Tubarão Martelo field

The Brazilian company OGpar (Ex OGX) has started production from the third well in Tubarão Martelo field, in the Campos basin blocks BM-C-39 and BM-C-40 this month, and a fourth well is currently being drilled by the rig Atlantic Zephyr in the same block.



Farm-in in Pernambuco-Paraíba basin

Niko Resources jointly with Petra Energia plans to sell stakes in the blocks PEPB-M-621 and PEPB-M-729, which were acquired last year in the 11th Round. The Canadian company is the operator of both blocks with 30% and its first exploration phase ends in 2018 with a minimum 3D seismic acquisition, while the second is scheduled to conclude in 2020. The current plan is for the drilling of a single well in each block.



Changes in Campos Basin

Brazilian independent company HRT has acquired Maersk Oil's 40% stake of the Polvo field and is set to become the single owner of the area. The total contract value was not revealed and is still subject to ANP's approval. So far, HRT has already sold three shipments of oil totaling 1.2 million barrels.



New Traces of Oil

Repsol Sinopec has found new traces of oil in BM-C-33 block, in the Campos basin, during the drilling of an extension well of the Seat discovery which intends to set out an area with estimated 700 million of barrels of oil and covers the prospects of Pão de Açúcar and Gávea. It is expected that the evaluation campaign in BM-C-33 will be completed in the third quarter of 2016.



Inside Story



Rio de Janeiro is at the forefront of the latest tax row

Update on Customs Clearances

Excessive bureaucracy, high taxation, complex legislation and backlogs are the most frequent criticisms of those who are used to the game in the offshore industry in Brazil. In our May edition we pointed out the tough time that some vessel owners are having with the IRS branch in Niteroi; nevertheless it is now Rio de Janeiro's time.

The discoveries of the pre salt in 2007 have attracted the attention of IOCs and suppliers aiming for new opportunities in the offshore market. These foreign companies that arrive in Brazil and have been attracted by promises of large-scale orders have to face the bureaucratic obstacles of the high taxation (although lower than in

other countries such as Russia), and complex aspects in the regulatory framework. Moreover, a contradictory interpretation of legislation creates uncertainties in addition resulting in pending issues to which a solution requires time and immobilization of valuable resources for businesses.

With the aim of encouraging competitiveness in the industry the Government created the Repetro benefit in 1999. The system allows admission of equipment for the oil industry, exempting suppliers of gathering some federal and state taxes (IPI, PIS, COFINS, ICMS). There is no question of the good intentions behind suspension of taxes suspension by the regime in order to encourage



The complex tax systems and varying application are a cost of doing business in Brazil

the development of the offshore industry but there are issues that still need to be worked through.

The latest obstacle encountered by the offshore industry, notwithstanding the problems in the IRS in Niteroi branch, relates to the IRS in the city of Rio de Janeiro.

This authority has recently added to the interpretation of vessels' value to be declared, Resolution number 2309 from the Brazil Central Bank, published in 1998, which refers to leases and basically says that the contract value can't exceed 90% on "cost of the goods".

As the vessels' value to be declared has a direct impact on the ICMS (state tax) cost to be collected and Petrobras contracts are usually for a period of four years, this new and controversial practice has been pushing Owners to declare a much higher value for its vessels, and consequently raising the value of the ICMS to be paid. In some cases, this can lead to a 100% increase in the value of the vessel as on the ICMS value.

"Once again the Brazilian Market shows its difficulty in providing a stable ground for investments."

To bypass this practice, an alternative to customs clearances in the Rio de Janeiro city is to clear vessels through other IRS branches which are not practicing this interpretation. Owners are also informing Petrobras and ABEAM about this new requirement in the hope that they can jointly seek a higher authority in the IRS in Brasilia to

overturn this decision which in our understanding does not belong to the time charter contracts once they are not leases of merchant type.

Once again the Brazilian market shows its restrictions on the capacity to provide a stable

ground for investments due to unpredictable bureaucracy. This reaffirms how prepared and correctly advised suppliers and IOCs must be in the oil and gas business in Brazil. Those firms with the best knowledge and support thrive best against these political and economical challenges.

Petrobras News



New Units for Transfer of Rights

Petrobras will need an additional 10 new FPSOs to produce in the Transfer of Rights area, according to the company's Exploration and Production Department. The demand came out after the National Energy Policy Council (CNPE) approved the direct hiring of Petrobras to produce beyond the contracted volume of 5 billion boed under the Transfer of Rights assignment in four areas of the pre-salt - Buzios, Entorno de Iara, Florim and Northeast Tupi. New investments in the region will not affect the financial viability of the Business and Management Plan 2014-2018, Petrobras said.

Pre salt of Santos Basin

Petrobras has confirmed production of 29 thousand boed in the Iara field during the long duration test (LDT) which started on June 26th. The FPSO Dynamic Producer is performing the operation and Petrobras has until the end of the year to inform ANP if the area is economically viable.

Tender on the Rise

The company is preparing a new tender for the beginning of 2015 and is planning to order 1,800 Km of flexible lines to service the new FPSOs to be installed

in the areas of Lula Extremo Sul, Lula Oeste, Buzios III, Tartaruga Verda, Tartaruga Mestiça, Iara Horst, and Buzios IV. Petrobras has already contracted some companies to meet the demand for this kind of equipment until 2016 only, which covers around 2,997 Km of flexible lines.

Connecting Franco

Petrobras is in negotiation with Allseas for the Route 3 gas pipeline after the Swiss Company presented the best proposal of USD 1.34 billion to connect Franco, in Transfer of Rights, to Comperj in Maricá. Allseas was the only company to offer the connection to all sections (shallow waters, 100m to 650m water depth; deep water, 650m to 1500m; and

ultra deep water of 1500m 2200m). Saipem presented proposals for deep and ultra deep waters but was disqualified due to excessive price while Technip, Sapura and Odebrecht were competing only for shallow waters.

“Petrobras is in negotiation with Allseas for the route 3 gas pipeline after their USD 1.34 Bn proposal.”

Petrobras News

The latest on tenders

AHTS 18000R

The tender issued in May last year for AHTS 18000R type for 4-year contracts was recently cancelled by Petrobras. The originally schedule was for November 2013 but it had been postponed several times.

LH 2500 Official Ranking

Petrobras has revealed the official ranking of offers on the tender issued in April this year for a LH 2500 type for 4-year contracts with commencement in November 2014 as follows:

LH 2500 - Invitation 1490026148			
RANKING	COMPANY	VESSEL	DAY RATE (USD)
1º	Tranship Transportes Marítimos Ltda	TS Poderoso	9 724,23
2º	Oceanpact Serviços Marítimos S.A.	DSR Ipanema	11 500,00
3º	Starnav Serviços Marítimos Ltda.	Starnav Thor	10 493,11
* 4º	Starnav Serviços Marítimos Ltda.	Starnav Altair	10 463,11
* 5º	Starnav Serviços Marítimos Ltda.	Starnav Aries	10 463,11

* disqualified due to non attendance to the note on Item 1.2 of the Invitation

Petrobras News

7th New Building Round Offers

The tender issued on March this year regarding Petrobras' 7th Newbuilding Round for delivery latest 2018 had its offers disclosed. A single offer of CBO is competing with four vessels from Chouest on the PSV 4500 A (fresh water) category while on the PSV 4500 B (fuel diesel oil) type the single offer of Asgaard is competing with four Chouest's vessels. Three vessels are competing on the AHTS 18000 type and on the AHTS 21000 category, Norskan offered three vessels and Asgaard only two. After fuel consumption criteria, please follows the unofficial ranking:

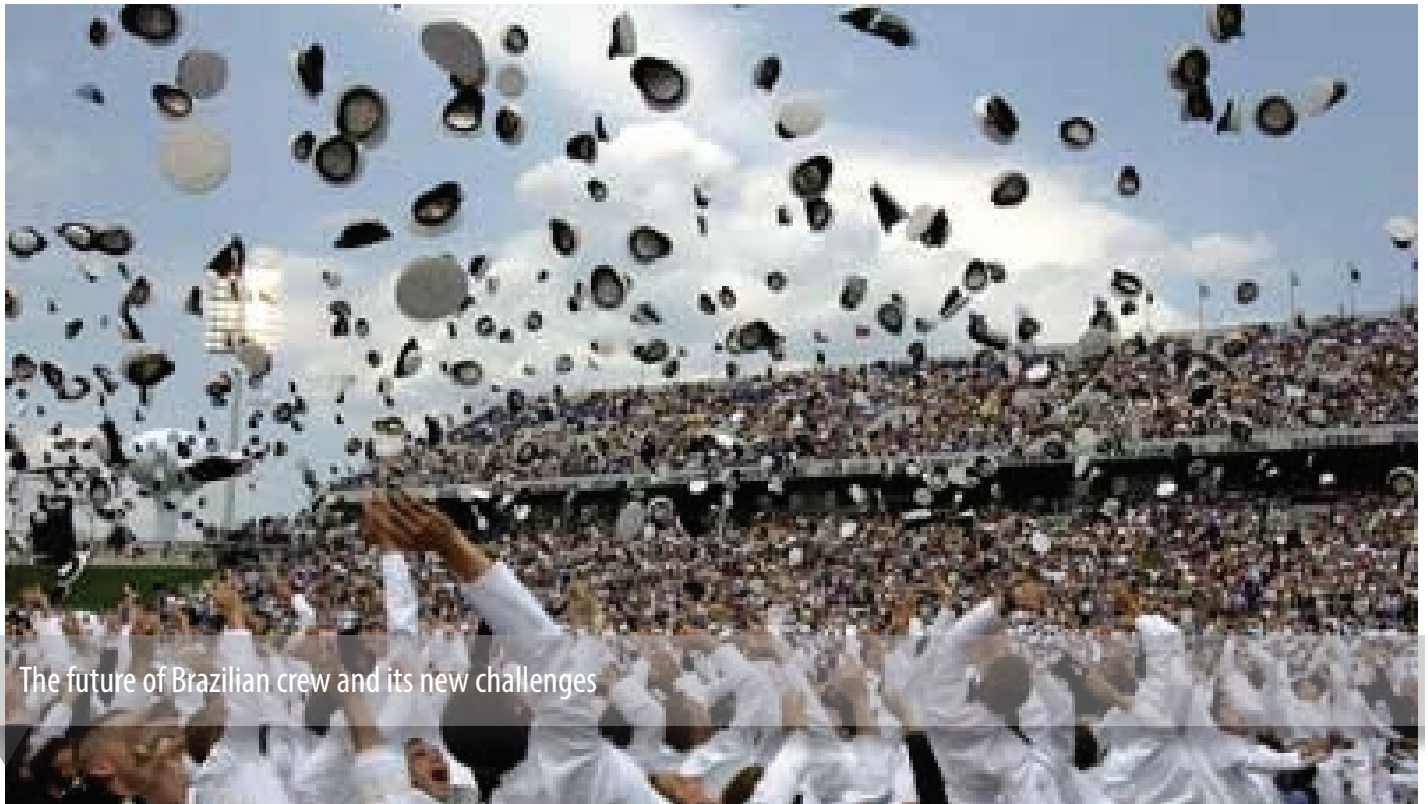
PSV 4500 A						
Ranking	Bidder	No of vessels	Period (years)	TDG	CDC	TT
1	CBO	1	6	38 950,00	11 718,98	50 668,98
2	Chouest Hull 147	1	8	35 822,00	15 830,30	51 652,30
3	Chouest Hull 148	1	8	36 744,00	15 830,30	52 574,30
4	Chouest Hull 149	1	8	37 666,00	15 830,30	53 496,30
5	Chouest Hull 150	1	8	38 588,00	15 830,30	54 418,30

PSV 4500 B						
Ranking	Bidder	No of vessels	Period (years)	TDG	CDC	TT
1	Chouest Hull 142	1	8	35 822,00	15 830,30	51 652,30
2	Chouest Hull 143	1	8	36 744,00	15 830,30	52 574,30
3	Chouest Hull 145	1	8	37 666,00	15 830,30	53 496,30
4	Asgaard	1	8	42 738,00	10 808,31	53 546,31
5	Chouest Hull 146	1	8	38 588,00	15 830,30	54 418,30

AHTS 18000						
Ranking	Bidder	No of vessels	Period (years)	TDG	CDC	TT
1	Norskan TBN 18.1	1	4	86 900,00	50 978,24	137 878,24
2	Norskan TBN 18.1	1	6	87 572,00	50 978,24	138 550,24
3	Norskan TBN 18.1	1	8	88 274,00	50 978,24	139 252,24
4	Wilson Sons	1	8	80 000,00	76 175,10	156 175,10
5	Starnav	1	8	93 811,00	88 053,95	181 864,95

AHTS 21000						
Ranking	Bidder	No of vessels	Period (years)	TDG	CDC	TT
1	Norskan TBN 21.1	1	4	94 900,00	75 071,22	169 971,22
2	Norskan TBN 21.1	1	6	95 572,00	75 071,22	170 643,22
3	Norskan TBN 21.2	2	4	95 900,00	75 071,22	170 971,22
4	Norskan TBN 21.1	1	8	96 274,00	75 071,22	171 345,22
5	Norskan TBN 21.2	2	6	96 572,00	75 071,22	171 643,22
6	Norskan TBN 21.2	2	8	97 274,00	75 071,22	172 345,22
7	Asgaard TBN1	2	8	99 800,00	88 240,69	188 040,69

Look Ahead



The future of Brazilian crew and its new challenges

Enough Navy Officers in Brazil?

The opening up of the Brazilian Oil and Gas market combined with the construction of new vessels locally and the arrival of several foreign flagged vessels to meet increasing demand has a surge in the need for navy officers.

This was especially true after the enactment of the Resolution #72 in 2006, enforced by the Brazilian Ministry of Labor, which required one third of the crew on foreign flagged OSVs to be composed by Brazilian officers as from 90 days of operation, escalating to half of the crew after 180 days, and then to two

thirds after 360 days. This “local content” requirement led all shipowners to find themselves facing problems when crewing their vessels due to the alleged lack of officers, leading to discussions among unions, the Navy, officers’ schools, shipowners and oil and gas companies.

In this context, in 2010 the union of Navy officers “Sindmar” and the union of offshore shipowners “Syndarma”, in cooperation with the universities UERJ and USP, respectively, investigated whether this so-called lack of officers was really a reality or not. It turned out that the conclusions were on opposite sides, as Sind-



mar established that there was a slight shortcoming in that moment but increasingly to be turned into a surplus of officers in the short term. Meanwhile, Syndarma decided that in 2010 there was a deficit of 78 officers only, but it would get worse leading to a scenario in 2014 (nowadays) with a shortage of more than 1,300 officers, then being gradually mitigated until it reaches a positive balance only in the year 2020 with 268 “spare” officers.

As these studies were so conflicting and therefore not a good reference for owners to fight for additional openings at the only two Navy schools available, the oil tanker shipowner linked to Petrobras called Transpetro, which two years ago founded its own Maritime Academy, hired Schlumberger Business Consulting in 2011 to solve this “draw” by presenting the Navy a clear system for balancing supply and demand of officers in the Brazilian market. The results were even worse: they would go from a deficit of 906 officers in 2011 to a deeper shortfall of circa 1,000 officers in 2020 (or a lack of around 2100 officers when OGX’s plans back then were added into the equation).

With this study in hand, the Transpetro Maritime Academy focused on improving the deck and engine officers’ skills at Transpetro and helping the Navy to train new professionals, while the Navy itself has increased the number of officers in their schools, and planned on updating this report annually to keep track of its developments and needs.. However, this was the last extensive study made with this purpose, some say this is for political reasons.

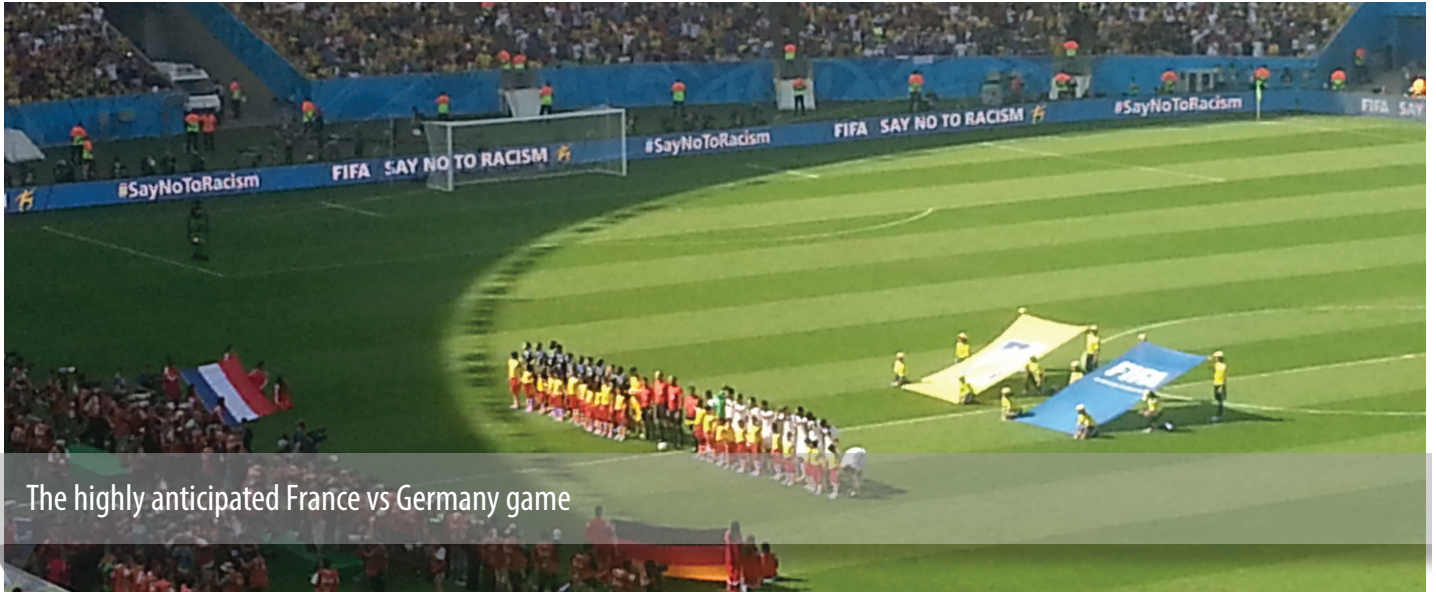
So how are the newcomers and current owners in Brazil getting prepared for the future in regard to the

uncertainty of obtaining officers. Luckily for some, as time passed by, Petrobras hit the brakes on tenders and IOCs had a four-year wait for a new ANP bidding round for offshore blocks, making the growth of OSVs in Brazil below the volume forecast in 2010.

Furthermore, the arrival of a significant number of South American officers to work in Brazil, especially Peruvians in the cabotage navigation, allowed several Brazilian officers to migrate to the offshore support market. Therefore, not only the demand for officers has dropped but also the current shortfall of officers, It looks like the scenario has improved, however new challenges have become evident. The lack of berths on vessels for cadets to practice (more than 700 nowadays) is slowing down the pace of graduations; even higher crew costs for owners, driven by this limited offer of deck and engine officers; low retention rates of new professionals (evasion rate of around 50% after five years graduated), usually due to vocational problems and/or better opportunities found inland; seafarers quality issues caused by experience weakening and need for rapid promotions; and need for even more openings in the Navy schools, as Petrobras and other IOCs plan on intensely expanding their activities in Brazil especially after 2016.

And so, what could really make a difference in the next couple of years is the improvement of training solutions and centers combined with the real support of owners through the disposal of more berths for cadets, stimulating them also with a career plan to increase retention rate. As a plan B, with a lower possibility of success, we could picture more flexibility in the Resolution #72. In the end, it is in the hands of the Navy and owners to fix this issue for the long term. ■

É Isso aí



The highly anticipated France vs Germany game

How Did the World Cup Score?

The whole of Brazil and in fact all of the globe's football fans' attention has been on the country for the past month as they hosted the World Cup. So let's take a look at how it all went.

Since 2007, when Brazil was announced as host for the 2014 world cup, the huge investment to build new stadiums at the expense of much needed funds for infrastructure, health and education has been criticized by the Brazilians, and led to a lot of demonstrations throughout the Brazilian cities.

In addition to the huge delays and high costs in the constructions, the visitors' security and inefficiency of services have also been a concern for all Brazilians.

However many citizens who were reluctant in initially hosting the event, were also concerned with country's image during the tournament.

After seven years and at the "show time", what we hear is that everything ran reasonably smoothly, and there is a political feeling of mission accomplished. Security,

accommodation and stadiums were up to scratch and the hospitality of the Brazilian people was admired by all the visitors. The beautiful landscapes around some matches venues also helped the event to be seen in a pleasant light.

"At show time everything ran reasonably smoothly and there was a feeling of mission accomplished."

On the fields of play, we saw three renowned football nations saying goodbye to the tournament in the first round: England, Italy and Spain. The team with the best player in the world also said goodbye at this



The World Cup was a spectacle that Brazil can be proud of

phase: Cristiano Ronaldo's Portugal. Although the semi-finals had another four big football nations (Brazil, Germany, Holland and Argentina) some relatively non-traditional teams surprisingly made it through to the quarter final, which was the case for Colombia and Costa Rica, but also for the young but talented Belgian team.

Brazilians had a massive and unprecedented crash down to Earth in the semi-final against Germany, conceding four goals in only ten minutes and losing the match by seven-one. The Brazilian team, very concerned and emotionally affected by not having its main star Neymar Jr (who was seriously injured during the quarter finals match against Colombia), seems to have disregarded the importance to focus on a match against the German team that had very solid and efficient tactics.

The result was catastrophic for the Brazilian nation, where football is the biggest sporting passion. Nobody could believe the score and many theories started to pop up in talks and on social media. But one theme was common: Brazilian team forgot to be and act as a team, relying on its mega stars to make the difference

individually, but not as a group. In the other semi-final, the aggressive Dutch team faced the eager Argentineans, who had the largest number of fierce foreign supporters in the Brazilian territory during the event.

The Argentina and Germany encounter in the final excited all football fans, due to its different styles and rivalry between the South American team and the Brazilians. In addition to losing by a score of seven goals at home during the semi-final, Brazilians now faced the humiliating prospect of seeing its biggest rival crowned at the world cup "grand finale" at the Maracanã stadium. In the end, German efficiency exceeded Argentinean eagerness which was very much dependant on Messi's ability to score.

Now, life goes back to its normal routine, after so many days of the whole country breathing football and having difficulties focussing on anything else. This is no doubt good for the business as life returns back to its normal pace. However, the tournament left a deep scar on Brazil's footballing reputation and provides a tough message of the long term hard work required for the Brazilian football kingdom to recover its majesty. ■