



Qatar World Cup 2022: A Win for Qatar and The Region & A Lesson for Upcoming Hosting Countries

The First FIFA World Cup To Be Hosted In The Middle East.

An Opportunity for Qatar and the Wider Region

The sports sector in the wider Middle East is due to grow by 8.7% in the next three to five years, according to research by PwC, compared with 3% globally over the same period. Regional events now include Formula One races in Abu Dhabi, Bahrain and Saudi Arabia, international golf tournaments in Abu Dhabi, and tennis tournaments in Dubai, and recently FIFA World Cup in Qatar.

Hosting the FIFA World Cup had many benefits that didn't only serve Qatar but the rest of the Mena region. The run-up to the World Cup in Qatar was of a great benefit to the economies of neighbor markets, and revenues in the hospitality, aviation, and tourism sectors has boomed.

From across the Middle East, reservations for confirmed flights were up 6,000% compared to pre-pandemic levels, and the UAE leads the way as the top feeder market over the World Cup period. UAE has become an attractive option for fans, with Air Arabia and FlyDubai operating a combined total of more than 45 daily shuttle flights from Dubai and Sharjah into Doha. Dubai is the biggest beneficiary of this trend by far, capturing 65% of onward visits. The next most popular onward destination is Abu Dhabi, with 14%.



8.7%

The growth of sports sector in Middle East in the next 3-5 years.



6,000%

Growth of Qatar flight bookings from Middle East compared to pre-pandemic levels.



Daily Shuttle Flights operated by Air Arabia and Fly-Dubai from Dubai and Sharjah into Doha.



65%

Of onward visits are captured by Dubai.

Revenue Opportunity in Middle East from Tourists

Qatar World Cup to generate \$4 billion revenue opportunity from tourist spends in Middle East.



Accommodation

51%

\$2 Bn



Other Expenditure
(Retail, F&B etc.)

49%

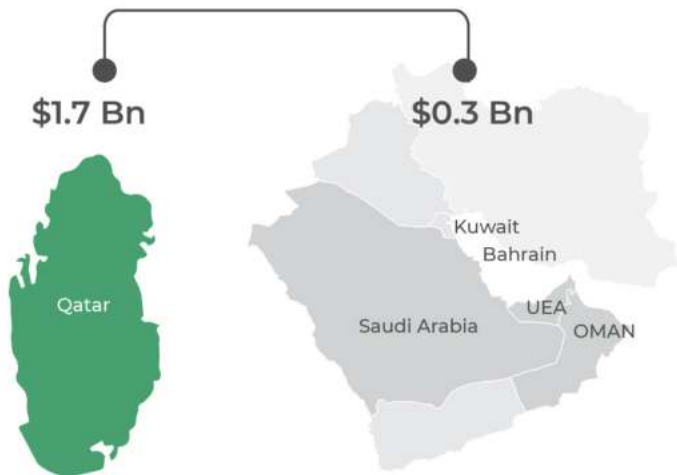
\$1.9 Bn

\$1.6 Bn
Qatar

Tourist inflow 1.3Mn

\$0.3 Bn
Rest of GCC

Tourist inflow 0.3Mn



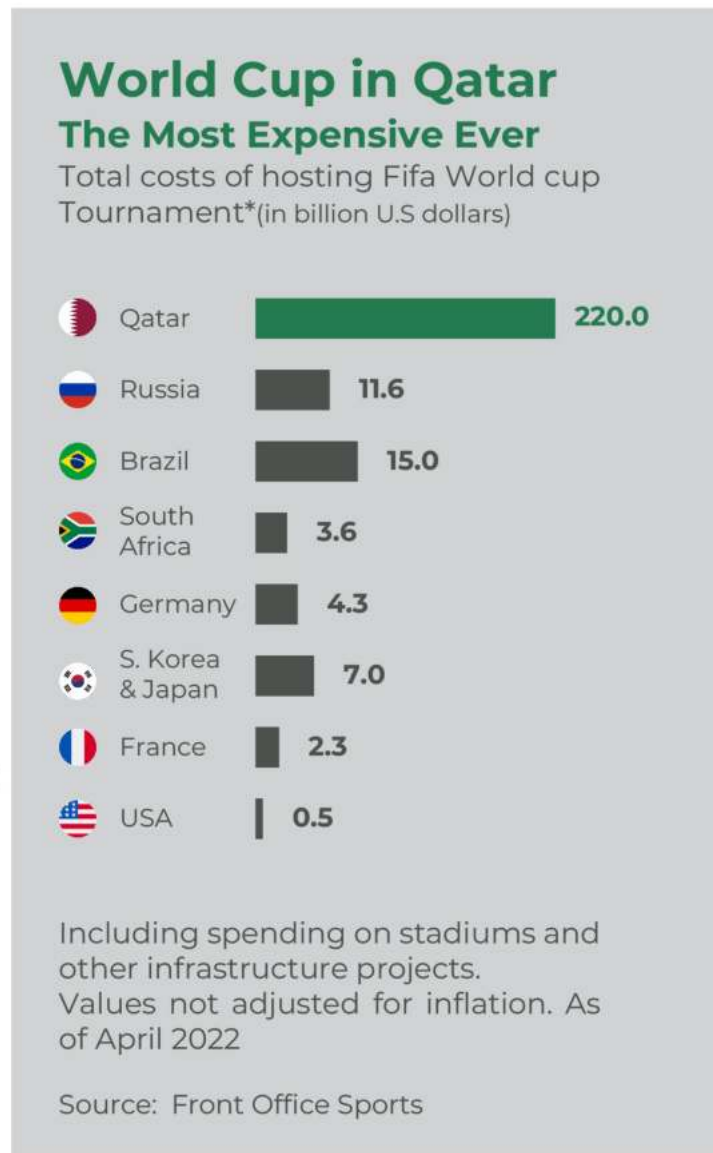
Source: RedSeer Analysis



\$220 Billion; The Most Expensive World Cup in History: More Than Qatar's National GDP and More than All Previous World Cups Combined

After winning the bid to host the 2022 FIFA World Cup in 2010, Qatar announced a \$220bn infrastructure program. Besides the cost of building new stadiums and renovating the existing ones, most of the announced investment was for general infrastructure projects as part of the broader Qatar 2030 plan, including:

-  An integrated railway & metro system
 → \$36 Billion
-  Roads: 1792 KM, 207 Bridges and 143 tunnels
-  Operations and security and maintenance
 → \$8 Billion
-  Expanding Hamad international airport
 → \$15.5 billion
-  New Lusail city that can occupy 450,000 people to live in
 → 45 Billion Dollars
-  Hamad Port → \$7.4 Billion
-  Upgrading Doha's Downtown → \$4.5 Billion
-  Other economic zones → \$3.2 Billion
-  100 hotels and service apartment towers
-  8 Stadiums → \$6.5 Billion






“To put the \$220 billion in context, Qatar’s GDP was approximately \$180 billion in 2022. They were awarded the World Cup back in 2010, so they have averaged spending \$18.3 billion a year, or over 10% of their GDP.”

Will Qatar's Record Spending Pay Off?

It is unclear how much Qatar will profit from hosting the event – or if it will make profits at all. Given tens of billions spent on preparations and developing infrastructure, such investments can't be profitable on short and middle term basis.

But by considering the corresponding cash flows, we could find that the three main revenue streams aren't totally gained by Qatar:

	 Matches Ticket Sales	 Marketing & TV Rights	 Taxes in Qatar State Budget
Cash In for Qatar	No	No	Not equivalent to increase in consumption & investments
Justification	3.4 million football fans attended the FIFA World Cup Qatar 2022, yet matches ticket sales are owned by a subsidiary company 100% owned by FIFA.	More than 5 billion online viewership, yet marketing & TV rights are kept by FIFA.	Increased consumption and investments are supposed to increase the taxes in Qatar state budget, yet enormous tax breaks for FIFA and its sponsor brands have been agreed with Qatar within a World Cup bidding process.
Examples From Previous World Cups	—	Marketing rights brought in more than \$1bn in the 2018 cycle, while TV rights for the 2018 World Cup in Russia were sold to broadcasters around the world for \$4.6bn.	Germany touted \$272m in tax breaks in its bid to host the 2006 World Cup.

Yet, The World Cup Is A Vehicle for Achieving A Thriving Economic Landscape Beyond 2022

The World Cup is an integral part of the bigger picture set forth by the Qatar National Vision (QNV) 2030. Integrating the tournament into its development and diversification plans, Qatar has approached the World Cup as an opportunity of economic transformation and modernization, as well as a medium to showcase its culture and hospitality on a global scale.

1- On the Sectoral Level



Tourism Sector:

Qatar welcomed more than 1.4 million visitors from all around the world. According to Qatar News Agency, the total number of inbound visitors to the State of Qatar recorded an annual increase of 430.3% in November 2022, compared to the same period in 2021.



Banking Sector:

The sector has played a pivotal role in financing various tournament-linked projects, including launching several promotional offers, issuance of special credit and debit cards, stands to benefit from higher credit demand and overall stronger spending activity during the tournament.



Retail Sector:

Qatar recorded GCC's highest growth in retail sales, reaching \$18.5bn in 2022.





Hospitality Sector:

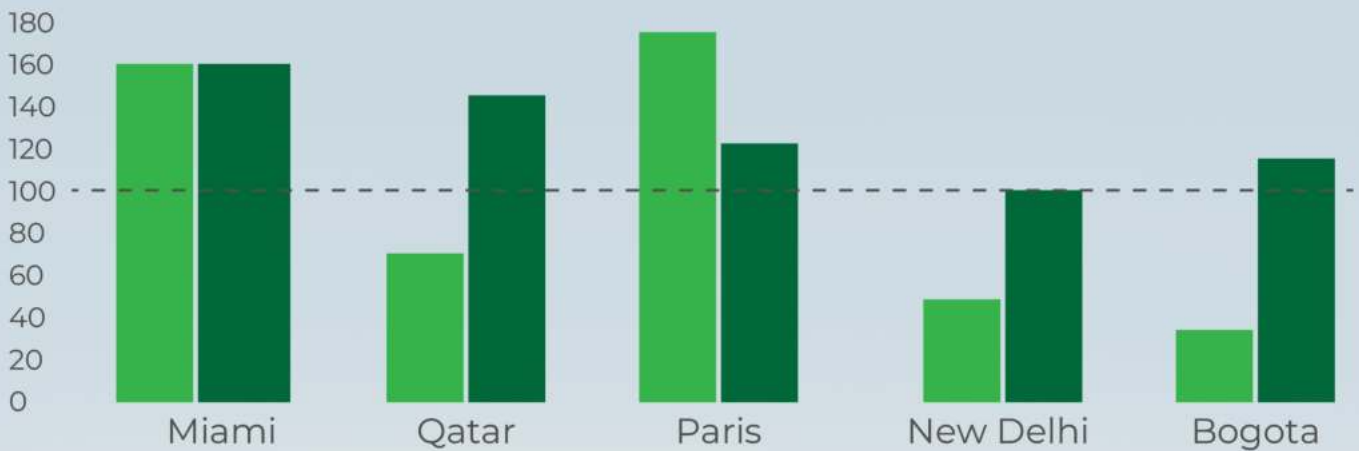
There has been an increase in the number of keys and rooms available and range of brands entering the market. This is establishing a solid base for building a destination of wide appeal with comprehensive choice of accommodation type and budget, which will be necessary if Qatar is to achieve its ambition of receiving 6 million visitors a year by 2030. According to STR, Qatar recorded the second-highest increase in hotel revenues globally, beaten only by Miami. For the second year in a row, Miami led the major global markets in GOPPAR recovery, indexing at 155% of 2019 levels. Helped by the World Cup, Qatar had the second-highest index in the metric at 152% of the pre-pandemic comparable.

Miami & Qatar Led Global Markets in Hotel Profit Recovery

Select global markets, GOPPAR actuals and GOPPAR indexed to 2019, USD CC

- GOPPAR (actuals)
- GOPPAR (index)

GOPPAR= Gross operating profit per available room



Source: STR, 2023



2- Financial Benefits



Foreign Investment Boost

Qatar's inflows of foreign investment are miniscule compared with regional neighbors such as the UAE and Saudi Arabia. Qatar's total FDI inward stock declined each year between 2014 and 2020, according to UN Conference for Trade and Development data.

The investment promotion agency of Qatar, IPA Qatar, has highlighted a variety of ways that it thinks the 2022 World Cup could help draw in FDI. It notes that Qatar's GDP has grown at a steady 4.5% since it was awarded the tournament in 2010, and says that the Ministry of Commerce and Industry has identified 83 commercial and investment opportunities for the private sector until 2023.



Stock Market Flourishment

The good indicator of long term expected Cash Flows or dividends is the stock exchange index in country. The Qatar Stock Market (QSE) has, in fact, outperformed peers and this is expected to continue even a year after the tournament. Reports say that the QSE Index, which measures the 20 most liquid and largest stocks on the exchange, grew as much as 24% in the beginning of the year until mid of 2022.

3-Intangible Gains



1- Global Prominence

- Online viewership of 5.4 billion during the World Cup, a growth of over 45% than the viewership witnessed during the FIFA World Cup held in Russia.
- A cumulative 3.4 million football fans attended the FIFA World Cup Qatar 2022.
- The increase in tourists in 2022 is not only guaranteed to boost Qatar's economy short term, but long term effects of increasing their international profile as a tourist destination will provide lasting economic benefits.



2- Sports Hub

Qatar's success in organizing the World Cup may pave the way for hosting and organizing other international events in the region, such as the Olympic Games, as Qatar is going to host the Asian Games 2030. Qatar will also use the new infrastructure to justify bidding to host major European finals in the future, such as in the Europa League or Champions League.

4- Effects of Multipliers

Like hospitality, constructions and real estate. The progress can also be seen in the economy of Qatar. The contribution of the gas and oil sectors to GDP declined from 60% in the year of 2011 to around 37% in 2021.

“The World Cup has been found to create approximately 1.5 million jobs in various sectors in Qatar.”

5- Laws Reforms



A- Investment Law:

Enhancing Qatari Law of 2019, which permits the formation of businesses with 100% foreign ownership, including logistical and construction firms and employment and recruiting industries.



B-Labor Law Reform

With hundreds of thousands of foreign workers brought in to implement projects during World Cup, Qatar embarked on a reform journey:

- Establishing a technical co-operation program with the International Labor Organization (ILO) in 2017 and setting up an ILO project office in Doha a few months afterward.
- Announcing several amendments to its labor law, including abolishing the Kafala (sponsorship) system that exists across the Gulf region.
- Introducing a minimum wage law and created a wage protection system to monitor compliance.
- Defining maximum daily work hours and introduced measures to protect workers from heat stress.



Where Does FIFA World Cup 2022 Stand on Sustainability?

According to the FIFA World Cup 2022 Greenhouse Gas Accounting Report, total greenhouse gas emissions from the preparation, FIFA World Cup and post tournament phases, between April 2011 and June 2023, are estimated to be 3.631 million tons of carbon dioxide equivalent. That's almost the annual output of Iceland and 1.5 million tons more than Russia 2018.

However, to neutralize the tournament's carbon footprint while furthering low-carbon solutions in the country, several key initiatives were implemented including renewable energy solutions, reduced water consumption at operational stadiums and sustainable landscaping.

For example, the organizers have used climate-neutral technologies to build seven new stadiums, which have been equipped with solar-powered air conditioning systems.



Key Lessons For Future Hosting Countries

With Saudi Arabia and Egypt considering making a joint bid to host the 2030 FIFA World cup along with Greece, there are several suggestions that can be made to improve the chances of a host country making economic gains from the event.

1. Mitigate the “white-elephant issue”

which was a problem for prior World Cup hosts. Qatar aimed to break that cycle as 3 of the stadiums will continue to host games, and the other 5 will either be dismantled, recon-verted for alternative purposes, or their capacities will be significantly reduced. Thus, Policy-makers need to utilize the country’s new infrastructure with a steady pipeline of events that provide continued demand for the facilities built for the World Cup.

2. Call for A 'Carbon Neutral' World Cup

The host country shall be aware of the environmental impact by estimating GHG emissions caused by the preparation, staging and post-event activities of the competition. When looking at the different emission categories across all scopes in FIFA World Cup 2022, the main emission sources, representing 90% of total GHG emissions, are travel (51.7%), accommodation (20.1%), permanent venue construction (18.0%). Thus, hosting countries along with FIFA shall work on comprehensive set of initiatives and policies to mitigate the tournament related emissions, especially in these three sources mentioned above.

3. Focus on investments with long-term economic benefits

Stadium construction and renovation is one of the biggest costs in hosting the World Cup. Under the current tournament format, FIFA requires host countries to have a minimum of 12 modern stadiums, and with the expansion of the number of teams in 2026 to 48, the requisite number of stadiums will be 14 stadiums. These high standards could translate into high expenses for the host country. South Africa spent \$1.3 billion on building and refurbishing stadiums, Brazil spent \$3.5 billion, Russia spent \$3.8 billion, and Qatar spent \$6.5 billion. For this reason, stadiums are one of the most controversial aspects of hosting the World Cup, as they contribute very little to each city's infrastructure after the tournament ends.

Accordingly, host country shall focus on constructing the minimal infrastructure required to handle million guests, with less focus on constructing cutting-edge stadiums. It instead shall focus on the infrastructure that could play a significant role in fulfilling the objectives of sustainable development; this includes basic infrastructure including roads, bridges, ports, airports, free zones, etc.

4. Don't Lose Out Tax Revenues

FIFA requires to be exempted from taxation or otherwise favorably treated in respect of World Cup-related income. This means that World Cup tourists buying merchandise, drinks, or anything else from FIFA partner brands are not contributing to a host country's tax revenues, as enormous tax breaks for FIFA and its sponsor brands are required within a World Cup bidding process. Accordingly, the host country shall negotiate with FIFA regarding its preconditions of tax exemptions to mitigate some of the losses of foregone tax revenue on account of tax reliefs. Thus, specific changes to laws in respect of government guarantees and taxation shall be implemented prior to the World Cup tournament.

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