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2022 FIFA World Cup: Economic Impact on Qatar and Regional Spillovers

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2022 FIFA World Cup: Economic Impact on Qatar and Regional Spillovers
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ABSTRACT: Qatar hosted the 2022 FIFA World Cup (WC) successfully and took the opportunity to further develop its non-hydrocarbon economy. Near-term contributions to Qatar’s economy, from visitors’ spending and WC-related broadcasting revenue, of up to 1 percent of GDP was comparable to cross-country experiences. The event generated positive regional economic spillovers as a sizeable share of spectators stayed in and commuted from neighboring GCC countries. Longer-term contributions were significant—the large investment in general infrastructure ahead of the WC drove much of the non-hydrocarbon sector’s growth in the past decade. The high-quality infrastructure and global visibility brought by the WC should be leveraged to further promote diversification and achieve the National Vision 2030.

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SELECTED ISSUES PAPERS

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Qatar

A. Introduction

1. The decade-long preparation for the 2022 FIFA World Cup (WC) underpinned Qatar's diversification strategy (Figure 1). In the run-up to the WC, a large investment program spanning a decade was undertaken, estimated at US\$200–300 billion, which transformed the urban landscape. Much of the infrastructure spending commonly attributed to the WC is part of the national plan to build an innovation hub with hotels, underground transportation, stadiums, railway, port and airports. Construction of stadiums reportedly cost US\$6.5 billion, a small portion of the overall investment. In addition to infrastructure, sport is also considered a priority sector for economic diversification under the second National Development Strategy (2018-22). The Aspire Academy, for example, has supported development of sports including soccer—18 of 26-man World Cup squad came from the Academy.¹

2. Qatar hosted the WC successfully, attracting many visitors to the region. The nation managed the COVID-19 pandemic well, providing a safe environment for the tournament which took place during November 20 to December 18, 2022. It was the first major global sport event with a large number of spectators since the onset of the COVID-19 pandemic, the first WC held in the Arab world, and the second held entirely in Asia after the 2002 event cohosted by Korea and Japan. Reportedly about 1 million visitors arrived in Qatar during the tournament, of which 0.3 million stayed in the neighboring countries using shuttle flights to commute to Qatar.² The UAE (mainly Dubai) is estimated to have attracted close to 80 percent of the total WC spectators staying in other GCC countries.³ Visitors staying in Qatar for the matches may have visited other regional countries as well. As such, the WC has boosted tourism not only in Qatar, but also in its neighboring countries.

B. Economic Impact of the WC

3. Near-term contributions of tourism spending to Qatar's economy appear comparable to cross-country experiences, with some regional spillovers. Tourism spending by visitors and WC-related broadcasting revenue are estimated at US\$2.3–4.1 billion. In gross value added terms, these would equate to US\$1.6– 2.4 billion, or 0.7–1.0 percent of Qatar's 2022 GDP (Table 1). The growth contribution range is comparable to that from the 2002 FIFA World Cup to Korea's economy of US\$713 million (Lee and Taylor, 2005), or 1.1 percent of Qatar's 2002 GDP (Figure 3). Near-term spillovers to other GCC countries are estimated to be smaller. For instance, spillovers from the tournament to the UAE, the largest recipient country other than Qatar, are estimated to be up to 0.1 percent of the UAE's estimated 2022 GDP (Annex I).

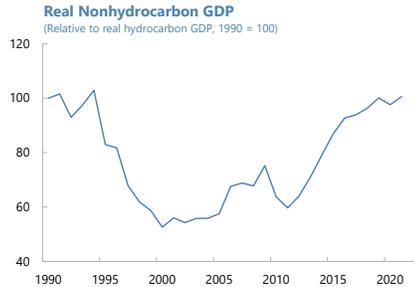
¹ Qatar's national soccer team won the Asian Cup in 2019. It advanced on the FIFA ranking from the 112th place in 2010 to 48th in 2021. It ranked 61st in October 2023.

² News reports suggest that shuttle flight agreements were signed between Qatar Airlines and carriers from four GCC states (Kuwait, Oman, Saudi Arabia, and the UAE).

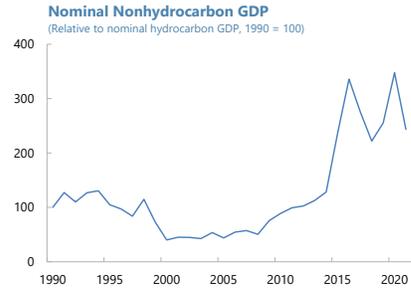
³ Based on flight booking by visitors to Qatar with another GCC destination as part of the trip from [this news article](#).

Figure 1. Qatar: Indicators of Economic Diversification and 2022 FIFA World Cup

The non-hydrocarbon economy (re-)gained its importance in both real terms ...

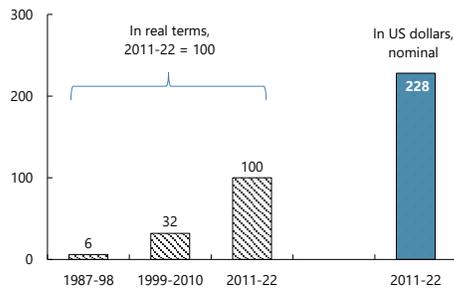


... and nominal terms ...



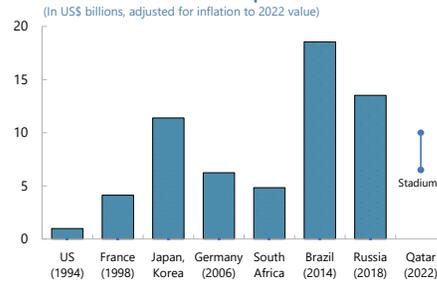
... helped by the large general infrastructure spending (public transportation, ports, etc.) ahead of the WC ...

Central Government Cumulative Major Capital Spending



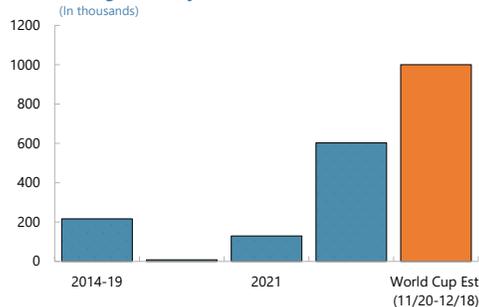
... while cost of building stadiums in Qatar is comparable to WC-related spending in other countries.1/

Estimated Cost of World Cup Events



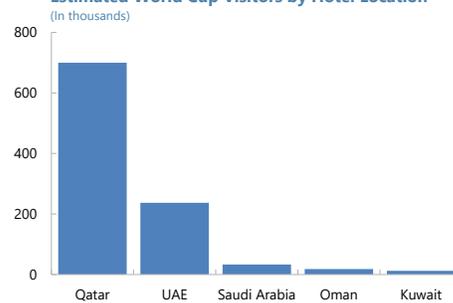
The 2022 FIFA World Cup drew a large number of visitors to Qatar ...

Average Monthly Visitors in November/December



... and an important share of WC visitors is estimated to have lodged in other GCC countries, mostly the UAE.

Estimated World Cup Visitors by Hotel Location



Sources: [Front Office Sports](#), Haver, and IMF staff calculations.

1/ For inflation adjustment, funds are assumed to have been spent entirely in the years indicated.

Table 1. Qatar: World Cup-Related Revenue and GVA 1/

	Spending per visitor (In US dollar)		Number	Visitors (In millions)	GVA ratio	GVA (In U\$ millions)	
	Low	High				Low	High
Air fare	800	2,000	1	0.7	0.31	174	434
Accommodation 2/	480	529	2	0.7	0.52	350	385
Restaurants	20	200	2	0.7	0.42	12	118
Venue catering	20	200	1	1.0	0.50	10	100
Shopping	100	500	1	1.0	0.82	82	410
Other revenue	50	100	1	0.7	0.50	18	35
Broadcasting revenue	930	930	1	1.0	1.0	930	930
Total							
In U\$ millions						1,575	2,412
% of 2022 GDP						0.7	1.0

Sources: Various reports cited in this note and IMF staff calculations.

1/ Per-visitor spending is estimated as the sum of air fare (internet search results for coach to Doha during the World Cup), accommodation for 2 nights, the cost for visiting one game, and some other spending. It is scaled up by the estimated number of visitors (1 million, of which 0.7 million lodged in Qatar) and converted to gross value added, or contributions to Qatar's GDP, using the gross value-added (GVA) ratio from [the planning and statistics authority](#). Qatar is assumed to have received ½ of the total World Cup broadcasting rights, [reportedly worth \\$1.85 billion](#), similar to the arrangements for the Olympic Games (Zimbalist, 2016).

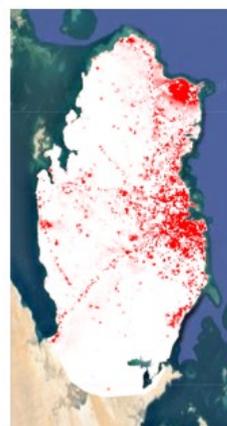
2/ Using estimated elasticity of hotel GDP to bookings per day. GVA represents difference between estimated monthly hotel GDP during WC and that in 2021Q4. See Annex II.

4. Variation in nighttime luminosity around the World Cup also suggests that the event's near-term contributions to Qatar's economy were positive. Nighttime luminosity data are often used to proxy real-time activity and gauge the impact of large sporting events on the host nations. For Qatar, the mean nighttime luminosity values increased from before to after the World Cup, suggesting increases in economic activity in response to the World Cup events (Figure 2).

5. In addition to the immediate growth impact, the decade-long infrastructure spending ahead of the WC likely contributed significantly to non-hydrocarbon output growth (Figure 3). This analysis is based on public capital spending, most of which likely represented infrastructure spending during the last decade. Public investment boosts output growth through a range of channels, including by providing the right

infrastructure to promote private investment and create jobs both directly and indirectly (IMF, 2020). During 2011–22, capital spending by the government grew on average by slightly below 6 percent per annum in real terms. It reached US\$230 billion equivalent cumulatively (in nominal terms), comparable to the estimated range for the nation's decade-long infrastructure program of US\$200–300 billion. During 2011–19, that is, when COVID-19-related slowdown in spending is removed, public capital spending grew by over 9 percent per

Figure 2. Qatar: Change in Nighttime Luminosity from Pre- to Post-2022 FIFA World Cup 1/



1/ Red colors indicate increase in luminosity.
Sources: Google Earth Engine and IMF staff calculations.

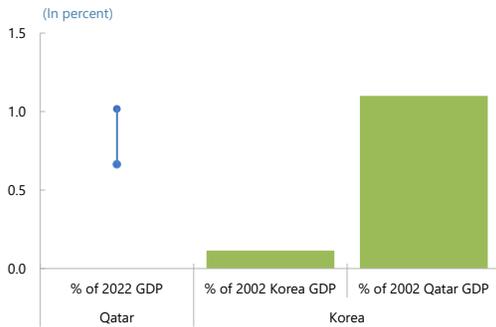
annum in real terms, and totaled US\$170 billion equivalent (in nominal terms). Applying long-term fiscal multipliers of 0.8 and 1.0, guided by estimates for GCC economies in the literature, long-term contributions of public capital spending to non-hydrocarbon output growth are 5–6 percentage points for 2011–22. They are 7–9 percentage points when data for 2011–19 are used. These ranges are broadly comparable to actual non-hydrocarbon output growth during the periods, suggesting that the large public investment program in the run up to the WC was a key growth driver for the non-hydrocarbon economy.

Figure 3. Qatar: Contributions of 2022 FIFA World Cup on Qatar’s Economy

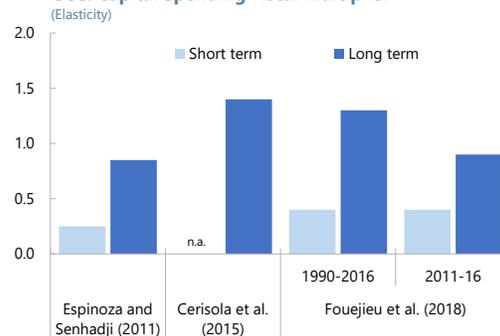
Near-term contributions of the World Cup to output in Qatar is comparable to cross-country experience.

Applying long-term fiscal multipliers for GCC in the literature...

Short-Term Contributions to GDP



GCC: Capital Spending Fiscal Multiplier



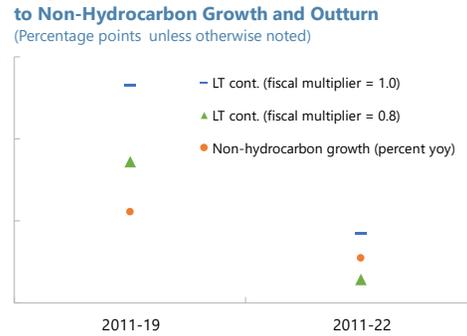
...to Qatar’s public sector capital spending in the past decade...

...long-term contributions of public investment to non-hydrocarbon output in Qatar are estimated to be large.

Major Project Spending by Government



Long-Term Contributions of Public Investment to Non-Hydrocarbon Growth and Outturn



Sources: Haver, various studies, and IMF staff calculations.

C. Conclusion

6. The WC contributed to Qatar and regional economies and has left a legacy that can be leveraged to boost Qatar’s potential growth. Near-term contributions to Qatar’s economy were comparable to cross-country experiences, or up to 1 percent of GDP, with positive regional spillovers. Long-term contributions for Qatar from the decade-long public investment program in the run up to the event were

significant, accounting for much of the non-hydrocarbon output growth during the period. Looking ahead, the top-notch infrastructure in place should be leveraged to further promote diversification and stronger growth. Visibility brought by the WC has supported strong tourism in 2023 and, together with the implementation of National Tourism Sector Strategy, it could boost tourism further over the medium and long term. It is also time to revisit the role of the state—with much less need for further significant public infrastructure investment, the role of the state should transform from a direct growth driver, like over the last decade through large-scale public investment, to an enabler of private sector-led growth by facilitating structural reforms and investment in human capital and climate sustainability. Reforms in key areas have already accelerated in the run up to the WC, such as the abolishment of the Kafala system to enhance labor mobility and protection of expatriate workers, and greater sustainability considerations in infrastructure investment. The reform momentum should be maintained building on the success of the event to achieve the diversification goals envisaged under the National Vision 2030.

Annex I. UAE: World Cup-Related Revenue and GVA

UAE: World Cup-Related Revenue and GVA 1/							
	Spending per visitor (In US dollar)		Number	Visitors (In millions)	GVA ratio	GVA (In U\$ millions)	
	Low	High				Low	High
Air fare	500	1,500	1	0.2	0.31	37	110
Accommodation	100	300	4	0.2	0.52	49	148
Restaurants	20	200	4	0.2	0.42	8	80
Shopping	100	500	1	0.2	0.82	19	97
Total							
In U\$ millions						113	435
% of 2022 GDP						0.0	0.1

Sources: Various articles and IMF staff calculations.
 1/ In the UAE, airfare and accommodation are assumed to cost slightly less than in Qatar owing to greater competition among providers. Visitors are assumed to stay longer, or 4 days, in the UAE as they travel to Qatar for matches and spend a few days in the UAE for leisure. The GVA ratios for Qatar are used absent comparable data for the UAE.

Annex II. Estimating World Cup Contributions to Hotel GDP

1. **Hotel capacity during the World Cup is estimated at 130,000 based on multiple sources, as official figures are not released yet.** As the baseline, we use the hotel capacity in 2021Q4 of about 29,000 rooms (from Qatar Tourism) and the official occupancy data for November and December 2022 of an average of 59 percent. Occupancy was relatively low as high-end hotels charged very high room rates, some visitors stayed in cities outside of Qatar, including Dubai, and the total number of WC spectators was not as high as expected earlier (fan camps and Airbnb apartments are not counted as hotel rooms in our exercise). Hotel booking per day is estimated using hotel capacity and occupancy. The rate of increase in hotel booking per day from 2021Q4 to during the World Cup of 276 percent is mapped to real hotel GDP growth using results from econometric analysis—it relates hotel booking and hotel GDP and yields an elasticity of 0.27. After accounting for hotel price inflation of 115 percent, monthly nominal hotel GDP during the World Cup is estimated at US\$510 million. This is comparable to US\$546 million estimated from hotel GDP outturn in Q4 and the number of World Cup visitors. The differences between the monthly estimates of US\$510–546 million during the WC and US\$161 million in 2021Q4, or US\$350–385 million are reported in Table 1 as hotel GVA.

Table A2.1. Qatar: Estimating World Cup Contributions to Hotel GDP

		2021Q4	World Cup (est.)	% change
Hotel Capacity	# of rooms	29,156	130,000	...
Occupancy	Percent	70	59	...
Booked per day	# of rooms	20,409	76,700	276
Hotel prices (CPI)	Index level	113	243	115
Monthly hotel GDP 1/	U\$ millions	161	510	218
Memorandum item:				
Elasticity of hotel GDP to hotel room booking per day				0.27

Sources: Haver, Qatar Tourism, news articles, and IMF staff.
 1/ Using 2021Q4, rather than counterfactual of without WC, as baseline. Monthly hotel GDP during WC of US\$510 million is comparable to US\$546 million estimated from actual Q4 hotel GDP and number of WC visitors.

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PUBLICATIONS

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