

Qatar 2022 FIFA World Cup for Economic Impact of Sporting Events

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Abstract. Sporting events, especially high-profile ones like the FIFA World Cup, have a profound effect on the host nation's economy. They drive local economic growth by stimulating industries such as tourism, hospitality, and retail. In addition to generating direct revenue, they also create job opportunities and foster government investments in infrastructure. Qatar's 2022 World Cup is a prime example, leading to an exceptional 4.185% GDP growth, outperforming past host nations. However, post-event, Qatar faces challenges in maintaining the massive infrastructure investments made for the World Cup. With a lack of sustained tourism and high maintenance costs, Qatar's long-term economic stability is at risk. To address these challenges, investments in education and workforce development are recommended. These reforms could reduce income inequality, enhance the skill level of Qatar's workforce, and ensure the country's transition into a knowledge-based economy, reducing its dependency on infrastructure-focused growth. Education reform could thus help Qatar maintain its economic momentum and adapt to future technological changes, such as AI adoption.

Keywords: Economic impact, sporting events, FIFA World Cup, GDP growth, infrastructure.

1. Introduction

Qatar has experienced significant economic growth and development over the past two decades, driven by its vast natural gas reserves and strategic investments. The scope and influence of the World Cup and the Asian Cup in Asia and around the world are significant. By hosting events like the World Cup and Asian Cup, Qatar has become a country that unites people from all around the world and fosters cultural exchange and cultural diversity.

The FIFA World Cup is a football sporting event that involves the best footballing countries from each continent competing in a single tournament that lasts for a month. The first World Cup was dated to 1930, almost a hundred years of history. Throughout the years, there witnessed According to The Economics of Football, the FIFA World Cup was the most widely viewed and followed sporting event in the world with over 26.29 billion followers during the 2006 World Cup [1]. Over time, the number keeps increasing. The World Cup matters for one-ninth of the world's population. The event's commercial value of millions and billions of US dollars has attracted top brands such as Coca-Cola, Adidas, McDonald's, etc. to sponsor. The AFC Asian Cup is one of the most popular sporting events in Asia, and it has grown and developed a lot in the past years. There have been many winners which shows the competitiveness of Asian football and the level of improvement in the past years. The 2022 FIFA World Cup and the 2023 AFC Asian Cup were both hosted by Qatar, and both had lasting impacts on its economy.

One research study on this topic was done by the International Monetary Fund (IMF). The 2022 World Cup and 2023 Asian Cup had positive effects on Qatar's economy. The contribution that tourism makes to Qatar's economy and the countries around it is significant. In gross value-added terms, it is estimated to be about 1.6-2.4 billion US dollars and accounted for 0.7-1.0% of Qatar's GDP growth in 2022 [2]. Countries such as the UAE and other countries in the Arabian Gulf experienced the benefits of the World Cup and Asian Cup. In addition, the World Cup also motivates the government to invest more in infrastructure. This infrastructure pays off in a long-term period where it contributes to the growth of non-hydrocarbon output, which is oil and natural gases. Qatar, which has an oil economy, sees this as an opportunity for economic growth after a series of

investments from the government in infrastructure. It is evident with the increase in nighttime luminosity that Qatar's economy has grown during the past 2 years.

The study will assess the revenues and costs of major sporting events, analyze the growth of GDP and GDP per capita, and compare the Qatar 2022 World Cup with other host countries of the World Cup and the AFC Asian Cup. This study aims to explore the economic impact of sports, specifically how sporting events can affect a country's economy.

2. The Impact of Sporting Events on the Economy

The impact of sporting events on the economy can be analyzed from multiple perspectives. Firstly, legal sports betting brings tax revenue for the government regulating sports betting. Furthermore, sports betting created job opportunities in the casinos and sparked the use of online casinos. This led to less unemployment rate in the country. More people employed would mean that there are more goods and services produced which increases the GDP, expanding the economy. For example, in the US with the start of the new National Football League (NFL) season, billions of dollars were poured into New York, New Jersey, and Illinois.

Second, sporting events have contributed to local economic growth by increasing tourism. The event attracted a large number of tourists to the host city, and these tourists spent before and after the event, including the purchase of food, entertainment, retail goods, etc., which directly drove the revenue growth of the service industry. At the same time, spending in sectors such as hospitality, transportation, and retail has further contributed to the expansion of the local economy, increasing aggregate demand and bringing about economic expansion.

Thirdly, there are revenues generated offshore or outside the country of sports betting. According to the Business Review, the online sports betting industry had a value of 61.5 billion US dollars in 2021 and is projected to rise to 114.4 billion by 2028. Large sporting events increase the demand for people betting and gambling online [3]. This will lead to more jobs created as well as revenue generated.

Lastly and most importantly, sporting events motivate the government to invest in healthy infrastructure, research, and development for the economy's long-term benefit. Investing in transportation, roads, venues, airports, etc. would increase people's living standards. This is aligned with the increase in GDP per capita. In conclusion, the impact of sporting events on the economy is always positive. Playing and watching sports help reduce school absences with a more fit body. With people getting more educated, they can use their skills and knowledge to do more, develop more, and innovate more. In addition, investing in infrastructure is also investing in the future preparing and welcoming the next sporting event to be hosted that could further boost the economy. Investing in the future creates more opportunities that will benefit the public. A very good example would be Qatar's 2022 FIFA World Cup massive spending, which allows them to have the condition to host the 2023 AFC Asian Cup, and make Qatar a proper footballing nation by giving them opportunities to compete in top-level sporting events.

3. The Case of Qatar

Qatar's majority economic production has been relying on oil. They are among the top ten richest countries in the world. Qatar has \$221.4 billion ranking 55th in nominal GDP, and \$356 billion, ranking 60th in purchasing power parity which is the real GDP. They also rank 8th in nominal GDP per capita with \$71,568 and 4th in real GDP per capita with \$115,075 [4, 5]. This ranking in real GDP per capita shows the standards of living are very high. Qatar's main industries are liquefied natural gas, crude oil, ammonia, fertilizer, petrochemicals, reinforcing steel, cement, and ship repair. Qatar's economy is now at a steady pace, unlike the boost in 2022 when they hosted the World Cup (Fig. 1).

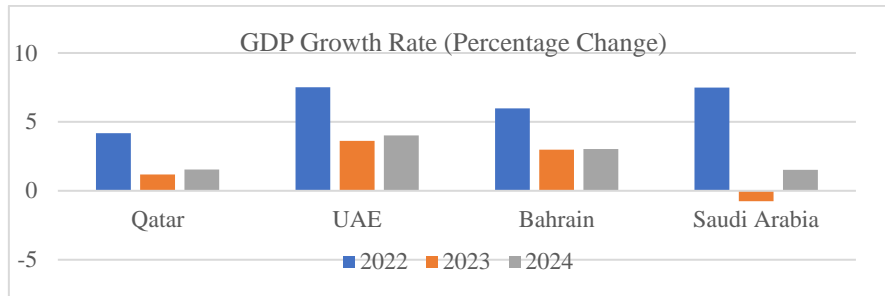


Fig.1 compares the economic growth of the 4 states in the Arabian Gulf (Photo/Picture credit: Original).

It is very obvious that the 2022 economic growth for the 4 states is the highest in the three years. The year 2023 experienced a major drop in GDP growth. The 2022 economic growth is a result of the biggest sporting event on earth hosted in the Middle East, which stirred up and boosted local economies around Qatar. Compared to former hosts of the World Cup, Qatar has a much larger GDP economic growth, showing the increasing popularity and value of football in the world. The 2018 host Russia experienced a 2.8% increase in GDP during the year; the 2014 host Brazil experienced a 0.5% growth, recovering from the previous economic downturn; the 2010 host South Africa experienced a 3.0% growth, reaching a high growth after a decline in 2009; the 2006 hosts Germany experienced a growth of 3.8%, reaching the highest in 16 years. As shown in the graph above, Qatar experienced a 4.185% growth in 2022, surpassing all previous World Cup host nations [6, 7].

4. Challenges and Suggestions

Qatar’s hosting of the World Cup also faces challenges in the future. Qatar has invested a huge amount of money on infrastructure for hosting the World Cup already as shown in Fig. 2. Qatar invested \$200 billion, more than 20 times the second-largest spending in Brazil in 2014. The high cost of maintaining the infrastructure is a problem financially. After the World Cup and the Asian Cup, nearly no people are visiting these stadiums and streets filled with air conditioning. No one is visiting Qatar other than to watch sporting events like the World Cup and the Asian Cup. In this case, maintenance costs are particularly heavy and the value of the facility is wasted, especially after the event and there is not enough need for subsequent use [8].

The challenge for Qatar is to maintain a steadily growing economy and prevent the economy from being sluggish to make good use of these investments in infrastructure. Among them, education reform is seen as a crucial measure. Qatar can reduce income inequality (currently at 0.41) by investing in education and improving the overall skills of its workforce. By investing in education, more people are educated and therefore learning the skills important for their career to serve Qatar’s economy. This is an alternative way to invest in the future with much less cost to maintain the long-term benefits. In a world where AI is rising to be part of people’s lives, it is essential to educate people to prevent any unnecessary structural unemployment as much as possible to ensure a smooth transition into adopting AI into industries, etc. The change in education is an integral part of Qatar’s growth as a country from a developing nation into a developed nation in the future [9, 10].

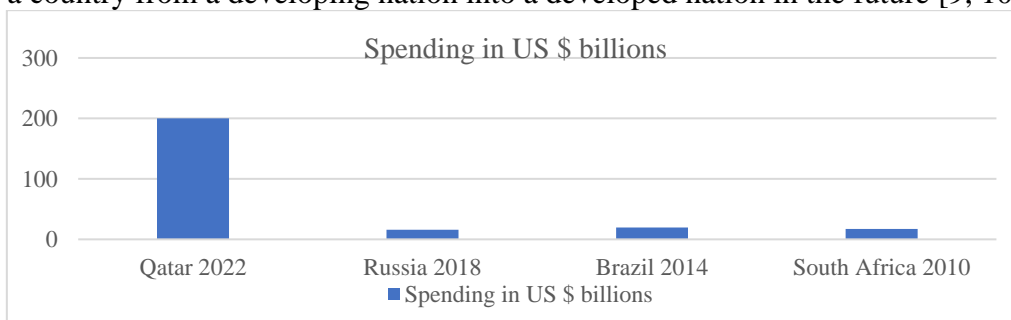


Fig. 2 represents the spending on hosting a World Cup of previous hosts (Photo/Picture credit: Original).

5. Conclusion

To sum it up, the 2022 FIFA World Cup is the biggest sporting event on earth with its significant influence on the country's economy. The World Cup facilitated jobs and industries to grow, creating more job opportunities for people, especially in the tourism industry. The huge investment the government has put into building new infrastructure also promoted social and economic growth by creating more job opportunities in the future. The Qatari government now currently is running a lot of budget on the social welfare system. The problem is that the rich are too rich and the poor are too poor.

To actually reduce income inequality and increase economic growth, the government should fund its money on education. When more people get to learn things like Algebra, English, etc. people have the skill to learn from the top industries in other countries to improve Qatar's economy in the future by innovating in better ways. Qatar's goal in the next years is to maintain a growing economy to overcome the massive cost in 2022 and to prepare for the next sporting event to come by transforming into the best economy in the Middle East.

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