

The Economic Impact of Major Sporting Events on a Country

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Abstract

Large sporting events such as the FIFA World Cup and the Olympics have huge influences on the economies of the hosting countries. The economic implications of the 2014 FIFA World Cup in Brazil, the 2022 FIFA World Cup in Qatar, the 2034 FIFA World Cup in Saudi Arabia, and the Paris Olympics are contrasted in this essay. The article discusses how these events catalyze economic growth through investment in infrastructure, tourism, and job creation and also accounts for the probable negative effects such as high expenses, debts, and unused facilities after the event.

1. Introduction

The essay shows how they result in economic growth, given investment in infrastructure, tourism, and job opportunities while it notes some of the adverse effects, such as gigantic expenditure, debts, and abandoned venues after the event. The 2014 World Cup in Brazil saw an influx of over 1 million fans who generated \$3 billion in revenue. In 2022, more than 1.4 million fans attended the World Cup in Qatar. The Kingdom of Saudi Arabia is leveraging the tournament of 2034 to buoy its tourism sector in its Vision 2030 plan to attract 100 million visitors a year.

2. Economic Impact Analysis

2.1 Database and Methodology for Major Sports Event Analysis

In order to estimate the economic contribution of sports mega-events, data are gathered from government reports, FIFA reports, tourism data, and economic research. This provides a way to examine the expenditure made, financial returns, job creation, and long-term implications for host countries.

2.2 The Direct Socio-Economic Impacts of Mega Sports Events

2.2.1 Employment and Income of the Population

The 2014 Brazil FIFA World Cup created more than 1 million jobs in tourism, services, and construction. But the majority of them were short-term. Likewise, Qatar's 2022 event provided thousands of jobs, though with some issues related to labor conditions. The 2034 Saudi World Cup is planning to create long-term job opportunities in entertainment, tourism, and sport.

2.2.2 Tourist Flow

An even greater number than a million, over a million fans from Brazil estimated over \$3 billion in profit from visits to the 2014 tournament. Over 1.4 million visitors for the World Cup in 2022 in Qatar fashioned another million-fan experience. Saudi Arabia is holding on to hosting the 2034 World Cup as leverage to help in tourism development as part of its Vision 2030 to host around 100 million visitors annually.

3. Literature Review

Research on past sporting events shows mixed results. While initial estimates predict high economic returns, post-event analyses often highlight financial burdens due to infrastructure underutilization. Studies suggest that long-term benefits are dependent on a host country's ability to integrate sports infrastructure into broader economic policies.

4. Case Studies of FIFA World Cups

4.1 FIFA World Cup 2014 (Brazil)

- Investment: \$15 billion
- Economic impact: Short-term tourism boost but long-term underutilization of stadiums
- Public response: Widespread protests due to high public spending

4.2 FIFA World Cup 2022 (Qatar)

- Investment: \$220 billion (largest in World Cup history)
- Economic impact: Boosted tourism and hospitality sectors but raised sustainability concerns
- Infrastructure: Doha Metro, new stadiums, and luxury accommodations

4.3 FIFA World Cup 2034 (Saudi Arabia)

- Expected investment: Over \$100 billion
- Vision 2030 integration: Focus on sports, tourism, and economic diversification
- Projected impact: Job creation, foreign investments, and global sports partnerships

5. Saudi Arabia's Investment in Sports

5.1 Expansion of the Saudi Pro League (SPL)

It has landed Europe's largest stars, such as Cristiano Ronaldo (€200 million contract), Karim Benzema, and Neymar. The objective is to boost worldwide audiences and earn more money from broadcast rights and sponsorship agreements.

5.2 Gaming and Esports Investment

Saudi Arabia has invested \$38 billion in the gaming industry, such as the introduction of the Saudi Esports World Cup, which will contribute \$13 billion to economic activity by 2030.

5.3 Hosting Mega Sporting Events

Saudi Arabia has hosted:

Dakar Rally (since 2020)

Formula 1 Saudi Grand Prix

WWE Crown Jewel

2027 AFC Asian Cup

5.4 Developing Sports Cities

Qiddiya Sports and Entertainment City will host 17 million visitors a year, featuring cutting-edge stadiums and training facilities to boost sports tourism.

5.5 Economic Impacts on Saudi Arabia

Saudi Arabia's massive sporting investments have already begun to pay off economically. Saudi Pro League's (SPL) expansion has heightened global interest in the nation's football business, with millions being drawn in sponsorships and broadcasting rights. The Saudi football market has expanded more than 30% in revenues since the arrival of top players such as Cristiano Ronaldo, Karim Benzema, and Neymar into the league, reports say.

Sports tourism growth has also spilled over to benefit the retail and hospitality sectors. With the country hosting events like Formula 1 and the Dakar Rally, hotel occupancy levels have gone up, boosting tourism revenues by billions. Saudi Vision 2030 aims for the sports sector to contribute over \$22 billion annually to the country's GDP by 2030.

The esports and gaming investment is set to provide an economic return of \$13 billion and thousands of job opportunities in digital entertainment, game development, and events management. Qiddiya Sports and Entertainment City by itself is destined to create far more than 325,000 job opportunities, promoting the employment of labor in tourism, sports administration, and infrastructure.

By diversifying its economy via sport and entertainment, Saudi Arabia is decreasing its reliance on oil revenues. The development of long-term sporting infrastructure such as stadiums, training facilities, and entertainment complexes means that these economic gains persist beyond one-off events such as the World Cup. Foreign direct investment (FDI) has also increased, with multinationals and sponsors perceiving the country as a legitimate market for sports-related business.

Though doubts persist over the feasibility of these investments, the broader economic trend is that sport is emerging as a key driver of Saudi diversification, powering tourism expansion, jobs, and infrastructure investment.

5.6 Brazil, Qatar, and Saudi Arabia Comparison

FIFA World Cups in Brazil (2014) and Qatar (2022) ushered in different economic outcomes because of differences in planning, execution, and vision.

Brazil 2014: What Went Wrong

High Expenses, Limited Benefits: Brazil spent an estimated \$15 billion, much of which was invested in new stadiums that were of minimal use after the tournament.

Public Protests: The government faced severe public protest for overspending on the event at the expense of desperately underfunded essential services such as healthcare and education.

Infrastructure Issues: The majority of the transport schemes were either unfinished or delayed, reducing the expected gains to the local economy.

Tourism Boost, But Short-Lived: While Brazil did see a short-term tourism boost, in the long run the impact was negligible as stadiums and facilities were not reused appropriately.

Qatar 2022: A New Approach

Massive Investments: Qatar invested around \$220 billion, a World Cup record, in long-term infrastructure such as roads, a metro system, and new cities.

Economic Diversification: As opposed to the Brazilian case, Qatar utilized the event as a catalyst to diversify its economy away from oil into tourism and services.

Labor Controversies: The event was condemned internationally for infringing on workers' rights, raising questions about the ethical side of such high-value investments.

Strategic Post-Tournament Utilization: Qatar ensured that the majority of its stadiums were designed for post-event use, unlike in Brazil, where the majority became "white elephants."

Saudi Arabia's 2034 World Cup: What's New?

In accordance with Vision 2030: Unlike Brazil, Saudi Arabia is leveraging the event as part of a long-term economic diversification strategy away from oil.

Sustainable Infrastructure Development: Lessons from Qatar, Saudi Arabia is envisioning multi-purpose stadiums and sports cities to reap long-term economic benefits.

Robust Sports Economy Focus: Saudi Pro League and esports investments are a steady revenue stream post-World Cup, unlike Brazil's dependence on short-term tourism spikes.

Private Sector Participation: Saudi Arabia is inviting private and foreign investment, which saves public funds as compared to the government-funded model of Brazil.

Key Takeaways

Brazil's error was over-investing in temporary infrastructure and disregarding public issues.

Qatar's power lay in its strategic investments aligned with its goals for economic diversification, however ethically dubious.

Saudi Arabia's advantage is having a Vision 2030 blueprint that ensures that the World Cup will translate to long-term economic growth in terms of tourism, sports investment, and infrastructure.

6. The Paris Olympics: Economic Comparisons

France has focused on sustainable infrastructure, reusing 95% of its venues. The 2024 Olympics is projected to generate €10.7 billion in economic benefits while creating 150,000 jobs.

7. Comparative Analysis

- Costs vs. Returns: Qatar's high costs vs. France's cost-effective model
- Tourism Impact: Brazil's short-term boost vs. Saudi Arabia's long-term strategy
- Long-Term Benefits: Saudi Arabia's Vision 2030 approach vs. Brazil's post-event struggles

8. Conclusion and Recommendations

Mass sporting events can have a wide range of economic implications, subject to the approach adopted by the host country. Saudi Arabia, in this regard, has the luxury of not repeating the mistakes of fellow host countries in the past by prioritizing immensely the theme of sustainability, fostering economic integration, and according appropriate significance to long-term use of event-induced infrastructure expenditure. The valuable lessons learned from Qatar's and Brazil's performances underline the absolute imperative of achieving an appropriate balance between the expenditure incurred and the realistic returns achievable once the event concludes.

9. References

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