Dubai Expophoria 2020: A Message from the Desert on Mobility, Sustainability & Opportunity
@PMIcongress EMEA
Dubai 5-7 May 2014

Dr. Nasser Saidi
Agenda

✓ New Economic Geography & Dominance of Emerging Market Economies
✓ How UAE & Dubai Transformed their Economies
✓ Economics of Expos & Dubai Expo 2020
✓ Expo 2020: A Transformational Event
Dynamic Forces of Change & Innovation Moving World to 2020 and 2030

- New Economic & Financial geography with tectonic shift toward Emerging Economies; ‘soft power’ shift is next
- Growth in Population & Resource Depletion
- Human civilisation changing ecology, climate, atmosphere
- Nano Revolution: new technologies & new materials
- Robotics & 3D Printing
- Bio-Chemicals, Bio-Genetics, Bionics transforming human & non-human life
- Changes in National, Regional & Global Policies, Governance and International Institutions
Earth’s Economic Centre of Gravity has shifted East over past 3 decades
Tectonic Shift in Global Economic Geography Toward EMEs & Asia

GDP based on purchasing-power-parity (PPP), shares of world total

1990

- Middle East and North Africa, 4.4
- Emerging and developing Asia, 10.5
- Other advanced economies, 13.4
- Other Emerging Markets, 15.9
- G7, 55.9

2013

- Middle East and North Africa, 5.0
- Emerging and developing Asia, 25.9
- Other Emerging Markets, 19.5
- Other advanced economies, 12.0
- G7, 37.6

Source: IMF WEO Apr 2014
Emerging Economies are dominating Output, Trade & Foreign Investment, Wealth creation & Financial Markets

Real GDP 2013 @ PPP rates, IMF

Source: IMF WEO Apr 2014
Law of Unintended Consequences: China & BRICS
Main Beneficiaries of Globalisation & Liberalisation

Shares of World Trade, %

Source: International Trade Statistics, WTO
Rising share of EMEs & Asia in Middle East Trade: New Silk Road

Share of intra- and inter-regional trade flows in Middle East’s total merchandise exports

Source: WTO
Emerging Markets now win Half of all Olympic Medals, reflecting their growing participation & higher GDP
Tectonic Shift in Global Economic & Financial Geography Towards Emerging Markets

- **EMEs** account for 50.4% of world’s GDP; developing Asia alone 25.9% **China overtaking the US as world’s largest economy by 2015 & India has surpassed Japan**

- **Trade**: Emerging markets account for 48% of world trade; Asia 31.5%

- **Energy Markets**: OECD 35%; Non-OECD 65% (China dominant)

- **Tourism**: EME tourists & destinations increasingly dominant

- **Investments**: 52% of FDI flows into EMEs; 30% into Asia

- **New Wealth** created in EMEs, to be deployed internationally; EMEs account for 42% of top 10 Sovereign Wealth Funds by asset size

- **EME Capital Markets**: 25.7% of World Equity by 2012 from 8% in 1999
Interdependence & Impact on Economic Systems

- Globally, nations are adjusting to increased globalisation and planet-wide connectedness and linkages while structural changes are occurring through the creation of New Global Supply Chains anchored in EMEs.
- Highlights the importance of focusing on Infrastructure & Logistics, Labour Mobility & Migration and Trade Facilitation.
- Countries must focus on Human Capital investment and Market-related Science & Technology skills which are increasingly critical to sustainable development and growth and for social and economic inclusion.
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UAE/Dubai: Transforming Economic & Financial Geography

✓ UAE faces a very challenging desert environment but has strategically transformed itself into the Economic & Financial Hub for a wide region

✓ Location comparative advantage between Europe/Americas and Asia => door to Africa & Central & Western Asia, GCC & Arab world

✓ UAE has dealt with the “Natural Resource Curse” through Economic Diversification, Good Governance, investment in SWFs & lower Cost of Doing Business

✓ Investment in Trade-Oriented, International-Connectedness of Infrastructure & Logistics: Connects the region internationally

✓ International Connectivity: Over 2/3rd of the world’s population lives within 8 hours flight from Dubai & 1/3rd lives within 4 hours
UAE: Diversification, Governance & Business Reforms

UAE diversification is on track

UAE's Rankings in Governance Indicators
- Global Competitiveness: 19
- Global innovation: 38
- Corruption Perceptions: 26
- Human Development: 41
- Prosperity: 28

UAE: Ease of Doing Business 2014

<table>
<thead>
<tr>
<th>Topics</th>
<th>DB 2014 Rank</th>
<th>DB 2013 Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Rank</td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td>Paying Taxes</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Getting Electricity</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Registering Property</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Trading Across Borders</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Dealing with Construction Permits</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Starting a Business</td>
<td>37</td>
<td>24</td>
</tr>
<tr>
<td>Getting Credit</td>
<td>86</td>
<td>82</td>
</tr>
<tr>
<td>Protecting Investors</td>
<td>98</td>
<td>137</td>
</tr>
<tr>
<td>Enforcing Contracts</td>
<td>100</td>
<td>101</td>
</tr>
<tr>
<td>Resolving Insolvency</td>
<td>101</td>
<td>102</td>
</tr>
</tbody>
</table>
# UAE/Dubai’s Achievements Against the Odds

<table>
<thead>
<tr>
<th>Year</th>
<th>DXB Population</th>
<th>UAE % foreign population</th>
<th>UAE GDP in US$ bn</th>
<th>UAE Per capita GDP ($)</th>
<th>(UAE) Life Expectancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,105,875</td>
<td>84.8</td>
<td>383.8</td>
<td>41,691</td>
<td>77</td>
</tr>
<tr>
<td>1975</td>
<td>183,187</td>
<td>70</td>
<td>14.2</td>
<td>27,631</td>
<td>66.5</td>
</tr>
</tbody>
</table>

*Source: Dubai Statistics Centre, National Bureau of Statistics, World Bank*
## UAE performance indicators: snapshot

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary Enrollment Rate</th>
<th>Literacy rates (%)</th>
<th>Female Labor Force Participation Rate</th>
<th>Electric Power Consumption (kWh per capita)</th>
<th>Mobile Cellular Penetration Rate (per 100 people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>91.1</td>
<td>90</td>
<td>34.4</td>
<td>9388.6 kWh per capita</td>
<td>149.6</td>
</tr>
<tr>
<td>1980</td>
<td>76.8</td>
<td>71.2</td>
<td>10.4</td>
<td>5779.3 kWh per capita</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Source: Dubai Statistics Centre, National Bureau of Statistics, World Bank
UAE as an Inter-connected Global Hub

Connected to an area with:
Population: 2.2bn
Nominal GDP: $5.8 trillion (2013e)

8 hour time zone

WEF Global Competitiveness Index 19/148 (2013)
AT Kearney FDI Confidence Index 14 (2013)
Logistics Performance Index 27/160 (2014)
Ease of Doing Business 23 (2014)

Human Development Index: 41/187 (2013)

5pm Dubai = 9am New York
1pm Dubai = 9am London
9am Dubai = 1pm Hong Kong
“Dubai Model” of Economic Development

Diversification
- Strategy to diminish oil dependence
- Non-Oil is 95% of Dubai GDP, 72% of UAE GDP
- 4Ss: Sun, Sea, Sand & Shopping
- 3Ts: Trade, Tourism & Transportation

Openness & Reform
- Rule of Law
- Pro-Business Climate
- Property law reform
- Favourable Tax Structure
- 100% foreign ownership in Free Zones

Infrastructure & Demographics
- Young, fast-growing Population + Investment in Education
- ‘Melting Pot’: Liberal labour immigration policy; Expats 88% of population
- World-class Infrastructure & Logistics

Free Economic Zones & Economic Clustering
- FZs resulted in: Competition, FDI & Economies of Scale & Scope
- 20+ operational Free Zones
- Advantageous Time Zone
UAE/Dubai: Cluster-based Economy
FDI in the Middle East

**TOP 10 DESTINATION COUNTRIES IN MIDDLE EAST AND AFRICA IN 2012**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>291</td>
</tr>
<tr>
<td>South Africa</td>
<td>147</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>107</td>
</tr>
<tr>
<td>Oman</td>
<td>73</td>
</tr>
<tr>
<td>Egypt</td>
<td>54</td>
</tr>
<tr>
<td>Nigeria</td>
<td>54</td>
</tr>
<tr>
<td>Qatar</td>
<td>54</td>
</tr>
<tr>
<td>Kenya</td>
<td>50</td>
</tr>
<tr>
<td>Morocco</td>
<td>48</td>
</tr>
<tr>
<td>Bahrain</td>
<td>37</td>
</tr>
<tr>
<td>Other</td>
<td>455</td>
</tr>
<tr>
<td>Total</td>
<td>1370</td>
</tr>
</tbody>
</table>

**TOP 10 SOURCE COUNTRIES FROM MIDDLE EAST AND AFRICA IN 2012**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of projects</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>220</td>
<td>26.44</td>
</tr>
<tr>
<td>South Africa</td>
<td>95</td>
<td>23.38</td>
</tr>
<tr>
<td>Israel</td>
<td>74</td>
<td>0.00</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>63</td>
<td>31.25</td>
</tr>
<tr>
<td>Bahrain</td>
<td>30</td>
<td>25.00</td>
</tr>
<tr>
<td>Kuwait</td>
<td>27</td>
<td>-6.90</td>
</tr>
<tr>
<td>Qatar</td>
<td>27</td>
<td>-28.95</td>
</tr>
<tr>
<td>Kenya</td>
<td>15</td>
<td>-11.76</td>
</tr>
<tr>
<td>Lebanon</td>
<td>15</td>
<td>114.29</td>
</tr>
<tr>
<td>Jordan</td>
<td>14</td>
<td>133.33</td>
</tr>
<tr>
<td>Other</td>
<td>68</td>
<td>-31.31</td>
</tr>
<tr>
<td>Total</td>
<td>648</td>
<td>9.27</td>
</tr>
</tbody>
</table>

**FDI INTO MIDDLE EAST AND AFRICA BY SECTOR IN 2012**

- Business and financial services: 468
- ICT: 226
- Engines, turbines and industrial machinery: 91
- Real estate, hotels and tourism: 83
- Transportation, warehousing and storage: 73
- Other: 429

Source: FDI report 2013, fDi Intelligence.
Dubai’s Attractiveness to Investment

- Geographical location, with connectivity to economies of Gulf, Middle East, South and East Asia, Africa and Latin America

- **Dubai is an Aerotropolis**: International Connectivity via Emirates Airlines, Dubai Ports World, Jebel Ali Port & Dubai World Central

- **Infrastructure + Logistics** generate productivity growth, “crowding-in” private investment

- **Free Zones**: Institutions, Laws, Regulations; Freedom of Establishment

- **Trade**: Greater Integration with EMEs, Asia/Africa; top trading partners are India & China

- **Tourism**: Dubai welcomed a record over 11.5 mn visitors in 2013

- **FDI** into Dubai increased by 16.6% in 2012, adding 119 new companies, worth $1.15 billion

- Dubai has become a ‘Regional Business Hub’
Agenda

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✓ Expo 2020 A Transformational Event
# A Bird’s Eye View of Key International Events

<table>
<thead>
<tr>
<th></th>
<th>Olympics</th>
<th>Expos</th>
<th>World Cups</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of event</strong></td>
<td>Sports</td>
<td>Non-commercial</td>
<td>Sports</td>
</tr>
<tr>
<td><strong>Duration</strong></td>
<td>16-18 days</td>
<td>6 months</td>
<td>4-5 weeks</td>
</tr>
<tr>
<td><strong>Venue</strong></td>
<td>Single city in a country; multiple venues</td>
<td>Single venue in the country</td>
<td>Multiple cities in a country</td>
</tr>
<tr>
<td><strong>Typical costs</strong></td>
<td>Expansive infrastructure: roads, airports, construction of public transportation systems</td>
<td>Building Expo site; related accommodation for participating countries; logistics; personnel</td>
<td>Construction expenditures are considerably lower compared to the others; stadiums/ raising seating capacities</td>
</tr>
<tr>
<td><strong>Cost estimate (latest)</strong></td>
<td>Sochi Winter Olympics Budgeted: $12bn; Final estimate: $51bn</td>
<td>Operating costs actual: CNY 11.964bn; budgeted: CNY 10.06bn (Shanghai);</td>
<td>Latest estimates: $14bn (Brazil)</td>
</tr>
<tr>
<td><strong>Revenue streams</strong></td>
<td>Advertising revenue &amp; broadcast rights via media coverage, ticket sales</td>
<td>Ticket sales, sponsorships</td>
<td>Advertising revenue &amp; broadcast rights via media coverage, ticket sales</td>
</tr>
<tr>
<td><strong>Revenue estimate (latest)</strong></td>
<td>Estimates are roughly $4-5bn for summer Olympics &amp; half that for Winter; About 50% proceeds go to IOC</td>
<td>Revenue topped CNY 13.06bn by Mar 2011 (Shanghai); bulk from admission fees &amp; sponsorships</td>
<td>South Africa estimated $900mn, but made only $513mn</td>
</tr>
<tr>
<td><strong>Visitors</strong></td>
<td>Avg 5.1mn tickets sold for the past 6 Summer Olympics; avg 1.3mn tickets for the past 5 Winter Olympics</td>
<td>Record-high 73mn people visited the Shanghai Expo;</td>
<td>S. Africa: only 309,554 people arrived of the estimated 450,000 visitors</td>
</tr>
</tbody>
</table>

NS
Economics of International Events

- Lead to large capital investments for a specific purpose and limited duration utilisation: unlikely to recoup investments
- Characterised by budget overruns: over past 50 years, Olympic Games have gone over budget by 179% on average; over 2000-2010 average overrun was 47%, excluding recent Sochi
- Risk of post-event slowdown: lower occupancy rates, lower tourism
- Evidence of raised annual appreciation rate of local house prices by about 1 percentage point
- Positive equity market effect for sectors/companies benefiting from events: construction, transport, hospitality/tourism
Like good parties, Olympics almost never make money…

Costs & direct revenues of select Olympics

Sources: International Olympic Committee (IOC), Preliminary estimates of costs only for the 2014 Games.
Why Did Dubai Compete to Host Expo 2020 Despite Challenges? Expophoria!

Short-term effects on economic growth:

• Boost in retail & tourism spending
• Infrastructure & investment spending: transport systems, facilities
• Demonstrate ability to organise complex events

Medium & Long-run effects:

• Signal International Integration & Liberalisation
• Economic Development; Urban & Regional Development
• “Olympics Effect”: large, permanent increase in trade levels of over 30% higher for countries that hosted Olympics & 20% higher for countries that hosted Expos
• Building & Promotion of Dubai Brand Name
• Intangibles: boost happiness, unity & pride of citizens (e.g. suicide rates decline during major soccer tournaments)
What Is An EXPO?

• The EXPO is a non-commercial Universal Exposition (not a trade fair) organized by the nation which wins the candidature. Countries participate through the diplomatic channels of the hosting nation.

• Each EXPO has a universal theme and is held in an area - which is designed to function as a place of exchange of ideas to promote a unique experience for participants and visitors who discover and experiment with the theme.

• More than displaying major technological novelties, the EXPO’s role is oriented toward interpreting the collective challenges that humanity is faced with.
Historically, EXPOs remind us of…
Dubai Expo 2020 Economic Impact Model

1. **DIRECT IMPACT**
on other adjacent sectors as a result of expenditure related to Dubai Expo 2020

2. **INDIRECT IMPACT**
on the industry supply chain created by direct expenditure of Dubai Expo 2020 direct spend, due to increased demand for goods and services and the incremental purchases across all related sectors that cater for this additional demand generally referred to as ‘production-induced’

3. **INDUCED IMPACT**
on the wider economy due to the resultant increase in household income and higher purchasing power of the local population involved in the production and delivery of the services that drives further re-spending within the local economy, and hence generally referred to as ‘consumption-induced’

**TOTAL DUBAI EXPO 2020 IMPACT**
All the impacts have been captured in terms of –

**ECONOMIC OUTPUT**
(Non-Trade Business Activity)

**GROSS VALUE TO GDP**
(Value Added)

**INCOME AND EMPLOYMENT**
(Jobs Created & Wages)
Expo-related Infrastructure Investment
Estimated at ~$43bn

- Expected GDP boost by 24.4%, over 2015–21; Expo likely to add 0.5% to GDP growth during 2016–19 and 2% during the event in 2020–21, before growth reverts to trend

- The 438-hectare Expo site includes a dedicated gated 150-hectare Expo area, and a surrounding residential, hospitality and logistics zone

<table>
<thead>
<tr>
<th>Infrastructure Spending</th>
<th>Estimated Cost</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airport Expansion</td>
<td>USD 7.8bn</td>
<td>Based on Dubai airports authority projections</td>
</tr>
<tr>
<td>Hotel rooms &amp; hotel apartments</td>
<td>USD24bn</td>
<td>Estimates based upon c.25m tourists visiting Dubai in 2020, 95% occupancy rates and with average current construction costs of AED1.5m per hotel room</td>
</tr>
<tr>
<td>Creation of additional retail space</td>
<td>USD9bn</td>
<td>Estimates based on projected population growth, number of expected tourists in 2020, 10% vacancy rates and avg construction cost of AED 1000 per sq ft</td>
</tr>
<tr>
<td>Metro expansion plan</td>
<td>USD1.38bn</td>
<td>Based on Dubai roads and transport authority (RTA)</td>
</tr>
<tr>
<td>Jebel Ali Port – T3 Terminal</td>
<td>USD 1bn</td>
<td>Based on DP World Website – Jebel Ali Port</td>
</tr>
<tr>
<td><strong>Sum Total</strong></td>
<td><strong>USD43bn</strong></td>
<td></td>
</tr>
</tbody>
</table>
The Expo Economic Multiplier Effect

Every incremental $1 of direct spend expected to result in a 1.65-multiplier in terms of business sales.

Total Incremental Spend: USD 21.9bn

Total Business Sales Impact: USD 36bn

Source: Dubai Expo 2020 bid document
71% of Dubai Expo visitors are originating from outside host nation for first time in Expo history

Source: Dubai Expo 2020 bid document
Dubai Expo 2020: Job Creation

40% of jobs would be in travel & tourism
90% of the 277,149 jobs occur 2018-21
Biggest Beneficiary Sectors/ Companies

• Architecture/ Design companies
• Real Estate/ Construction/ Infrastructure-related firms
• Project Management companies
• Logistics-based Companies
• Hotels/ Tourism & related services (eg. F&B)
• Retail outlets
• Event Management companies
• Banking & Financial
Expo 2020: Holistic Development

**Physical**
- Infrastructure
- Green: recyclable building materials & renewable energy components
- Site => foundations for innovation & long-term community development

**Economic**
- Sector diversification, FDI, trade & commerce
- Establish itself as visionary global leader for the future green economy
- Build Dubai Brand Name
- Transformation into logistics & transport hub
- Development of tourism economy
- Sustainable development of local supply chain

**Social**

**Reputation**
- Inclusive economic development
- Implementation of sustainable policies
- Establishment of research & innovation platforms

- Infrastructure
- Site => foundations for innovation & long-term community development
Inter-linked themes of the Expo

- **Mobility (Connectedness)**
- **Inclusion via policy, regulations, knowledge transfer**
- **Opportunity (Doing Business, Investment Climate)**
- **Sustainability (water, food, energy)**
- **Innovation**

Understanding through training & education
Dubai Expo 2020 Preparatory Committee provides Strategic Planning & Coordination

CHAIRMAN
H.H. Sheikh Ahmed bin Saeed Al Maktoum
Dubai Civil Aviation, Emirates Group & Dubai World

VICE-CHAIRMAN
Mohammed Ibrahim Al Shaibani, DG of the Ruler’s Court of Dubai

- UAE Ministry of State
- Dubai Roads & Transport Authority
- Dubai Police
- Dubai Municipality
- Dubai Dept. of Tourism & Commerce Marketing
- Dubai Aviation City Corporation
- Emaar
- Abu Dhabi Tourism & Culture Authority
- Ministry of Foreign Affairs
Risk Management: Risk Registry

Macro Risks
- Global
  - Economic
  - Geopolitical issues
  - Climate change
- Regional
  - Economic
  - Geo-political
  - Security
- Local
  - Economic
  - Coordination
  - Business environment

Project Risks
- Pre-project
  - Cost overruns
  - Time delays
  - Lack of synchronization
  - Investment environment
  - Risk management
- During
  - Logistics
  - Coordination (external, internal)
- Post-event
  - Sustainability
  - Legacy
  - Business Environment
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Expo 2020 is a Transformational Event for Dubai & its Region

• Dubai Expo 2020 should be viewed within the Economically-Driven, Technologically-Focused Vision of UAE/Dubai’s Development & Diversification

• Opportunity for PPP & greater role for the private sector

• Signals strategy of international integration & openness

• Build’s-up UAE to become the hub for the region’s young, growing population + Road into Africa & SE Asia

• “Mobility, Sustainability & Opportunity” more efficient resource usage, greater connectivity between people and places, and broader opportunity for all
Dubai Expo 2020 will happen in a region of ancient lands & history, migrations and the cradle of civilisations, cultures and religions: the original ‘melting pot’

3rd Millennium is that of Emerging Economies facing multiple challenges & dynamic drivers of change, increased complexity, inter-connectedness & interactive systems

UAE/Dubai are master-builders, emerging economy success stories that adopted modern technologies, invested in infrastructure & logistics, implemented reforms & openness to adapt to a world witnessing dramatic change
Sheikh Zayed Road, Circa 2010 or
Burj Khalifa & SZR Sky-Line or
‘One picture is worth a thousand words’
UAE/Dubai Demonstrated a New Path to Economic Development; Providing Leadership, Vision & Hope at a Time of Regional Transition & Turmoil

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