

Dubai Expophoria 2020: A Message from the Desert on Mobility, Sustainability & Opportunity

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Dr. Nasser Saidi

NASSER SAIDI

— & ASSOCIATES —

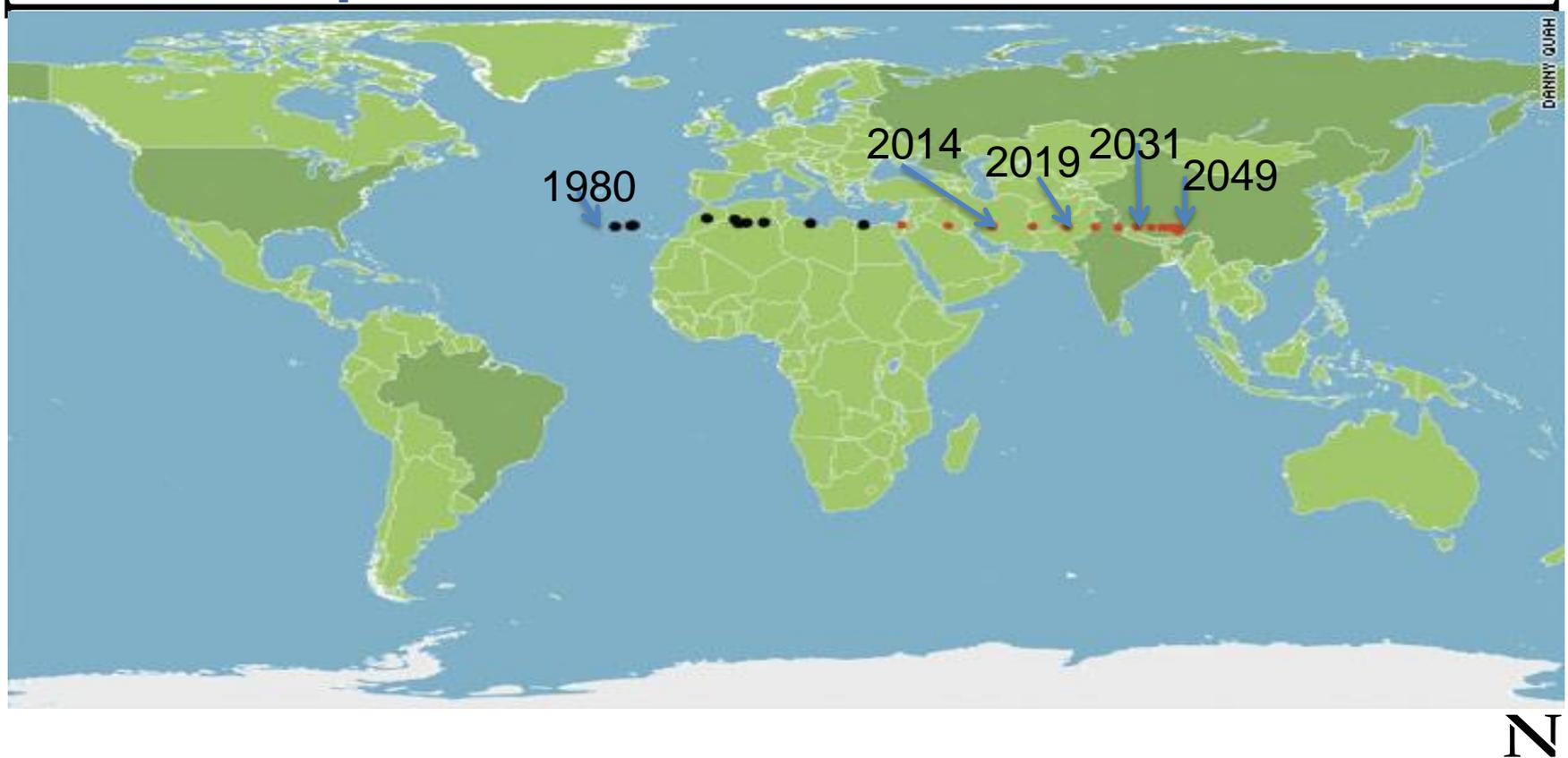
Agenda

- ✓ **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** NS

Dynamic Forces of Change & Innovation Moving World to 2020 and 2030

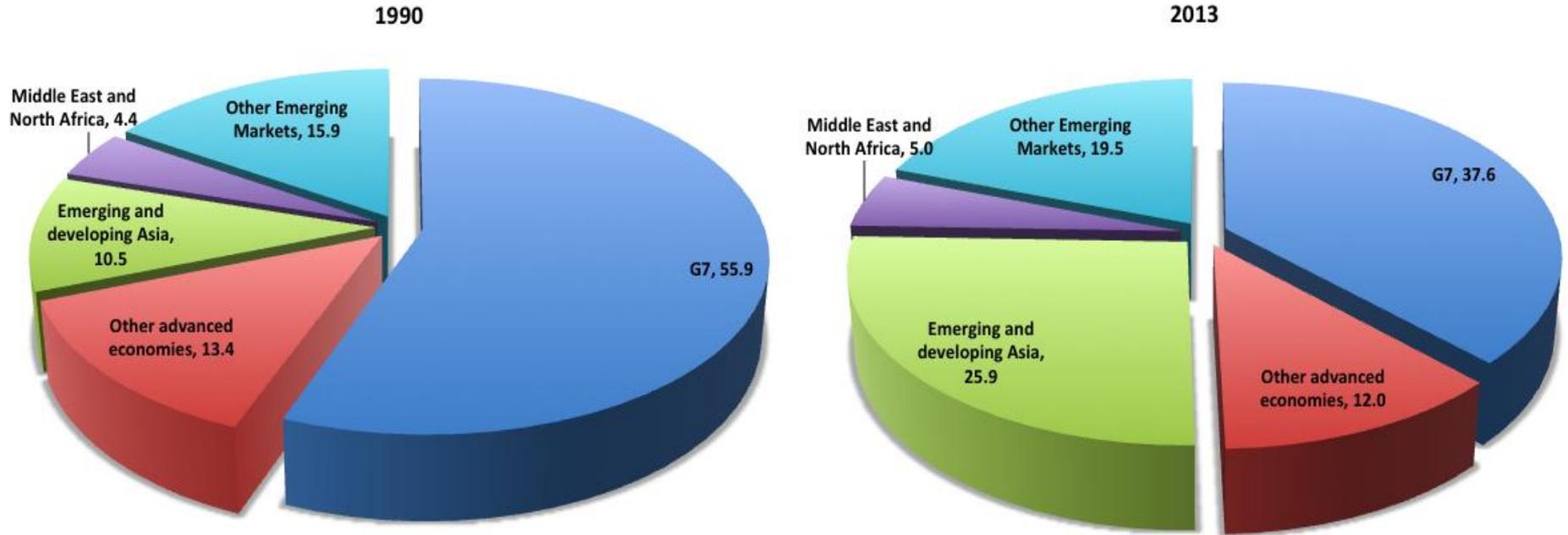
- ✓ **New Economic & Financial geography with tectonic shift toward Emerging Economies; 'soft power' shift is next**
- ✓ **Growth in Population & Resource Depletion**
- ✓ **Human civilisation changing ecology, climate, atmosphere**
- ✓ **Nano Revolution: new technologies & new materials**
- ✓ **Robotics & 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

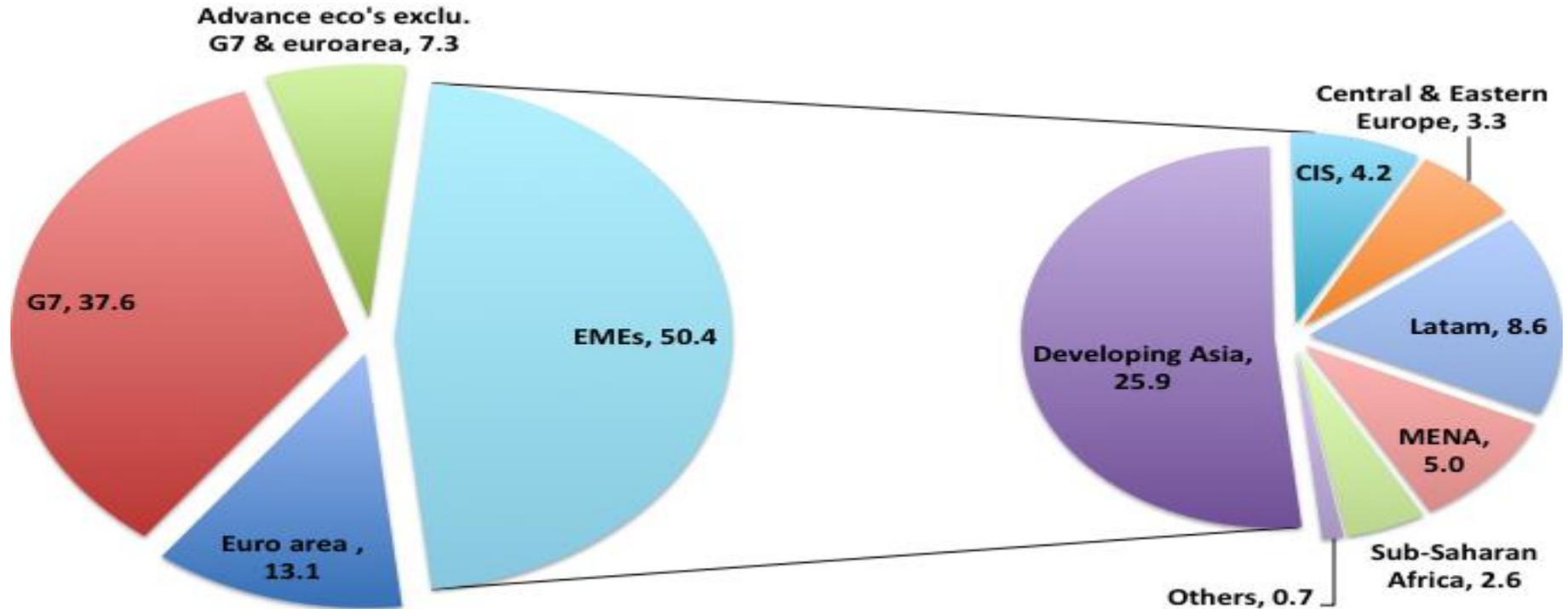
GDP based on purchasing-power-parity (PPP), shares of world total



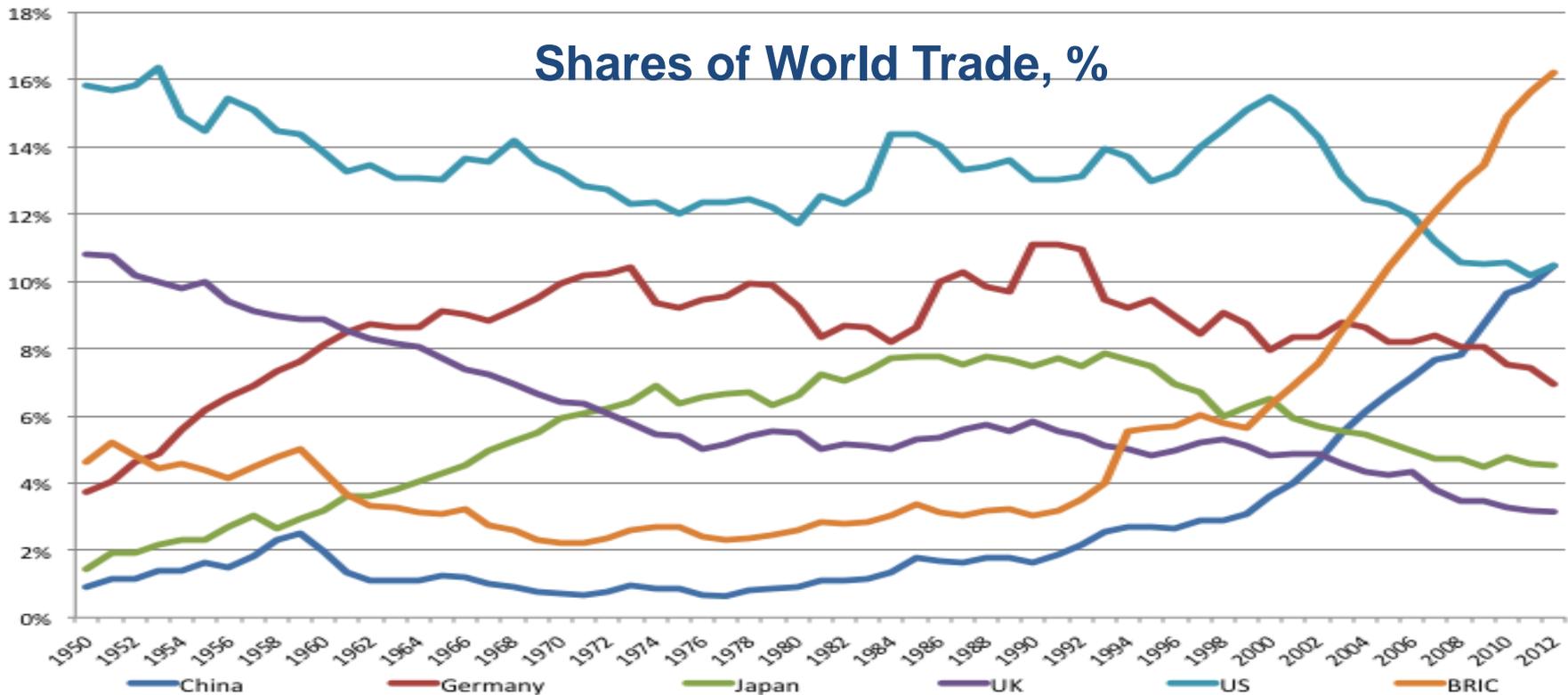
Source: IMF WEO Apr 2014

Emerging Economies are dominating Output, Trade & Foreign Investment, Wealth creation & Financial Markets

Real GDP 2013 @ PPP rates, IMF



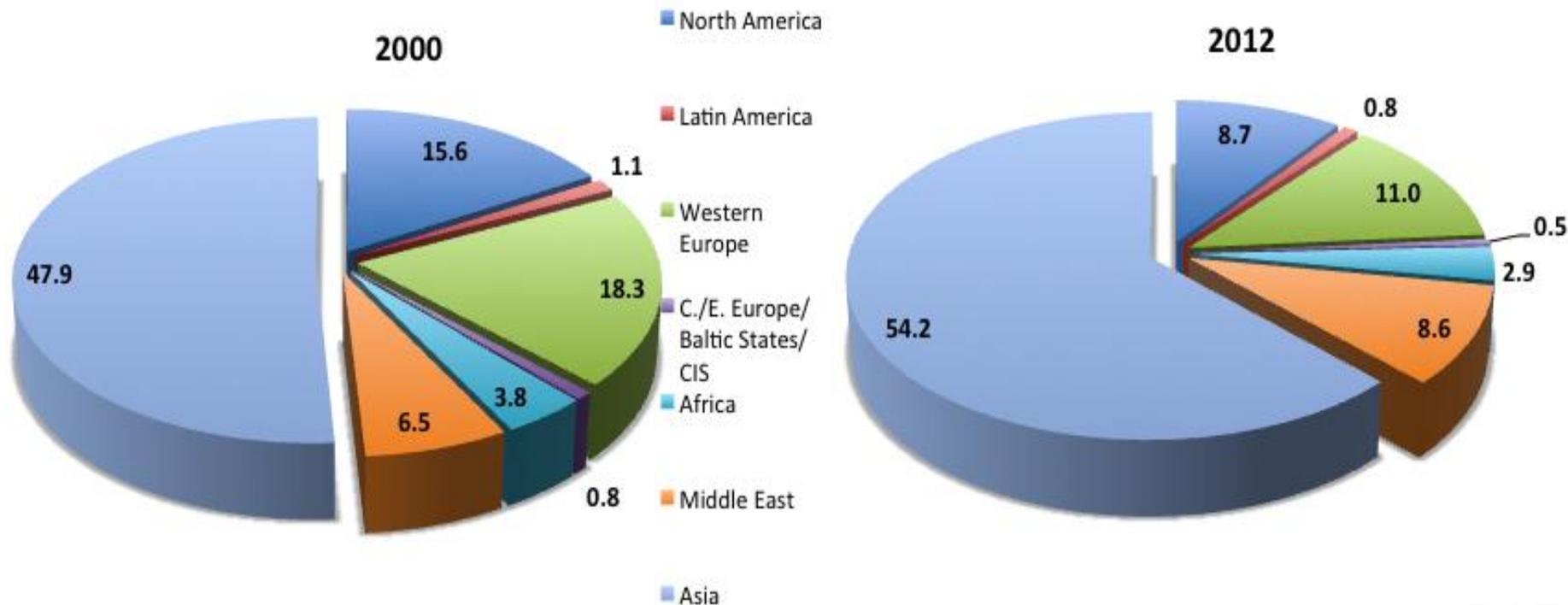
Law of Unintended Consequences: China & BRICS Main Beneficiaries of Globalisation & Liberalisation



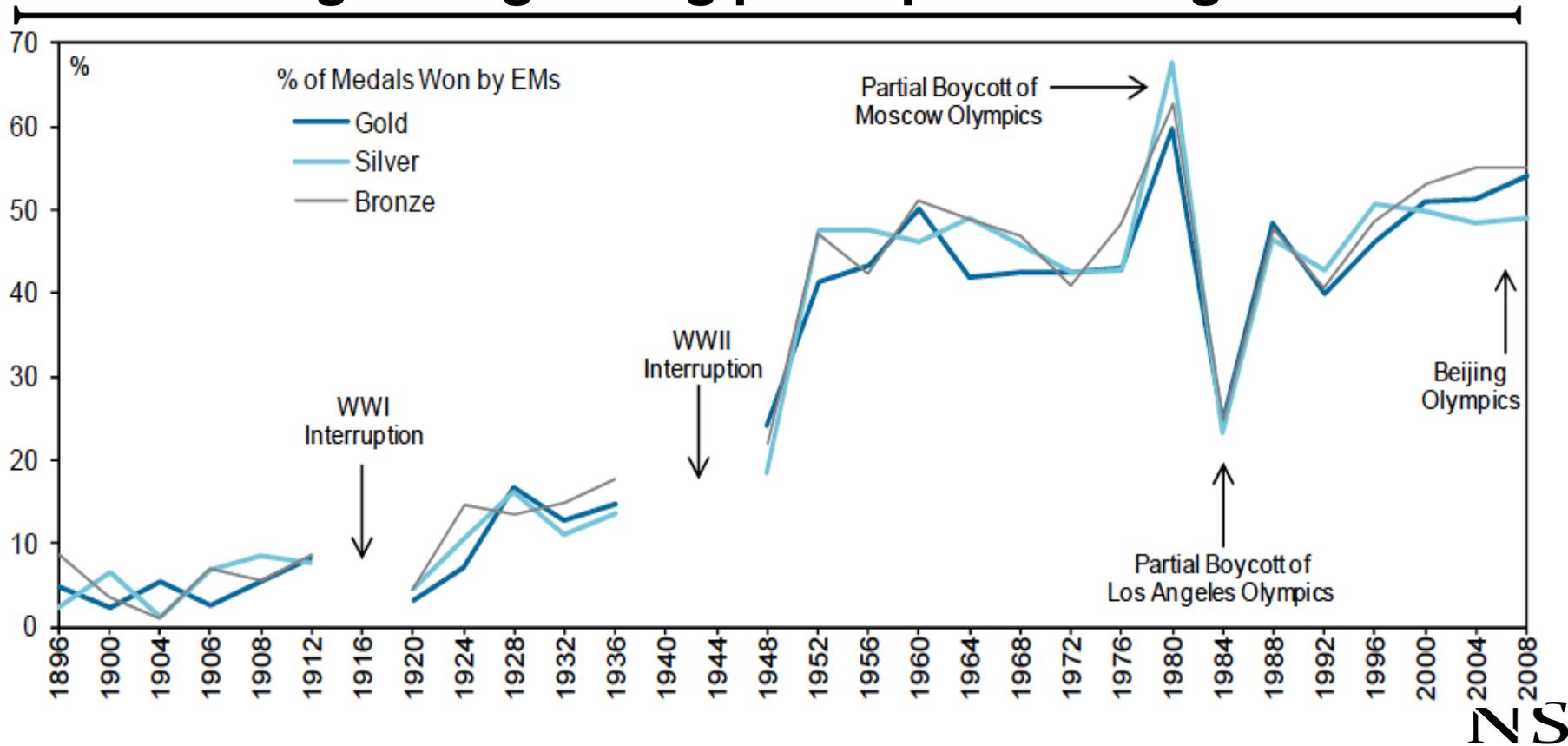
Source: International Trade Statistics, WTO

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



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

Agenda

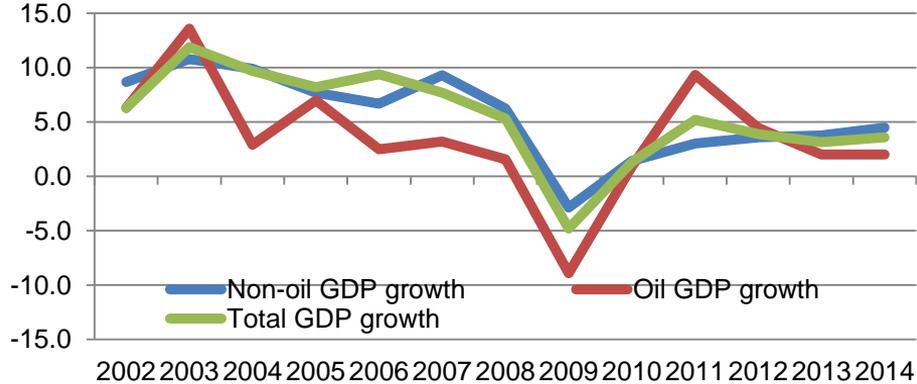
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UAE/Dubai: Transforming Economic & Financial Geography

- ✓ 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: Ease of Doing Business 2014

Topics	DB 2014 Rank	DB 2013 Rank
Overall Rank	23	26
Paying Taxes	1	1
Getting Electricity	4	7
Registering Property	4	13
Trading Across Borders	4	4
Dealing with Construction Permits	5	8
Starting a Business	37	24
Getting Credit	86	82
Protecting Investors	98	137
Enforcing Contracts	100	101
Resolving Insolvency	101	102

UAE's Rankings in Governance Indicators

Global Competitiveness	19
Global innovation	38
Corruption Perceptions	26
Human Development	41
Prosperity	28

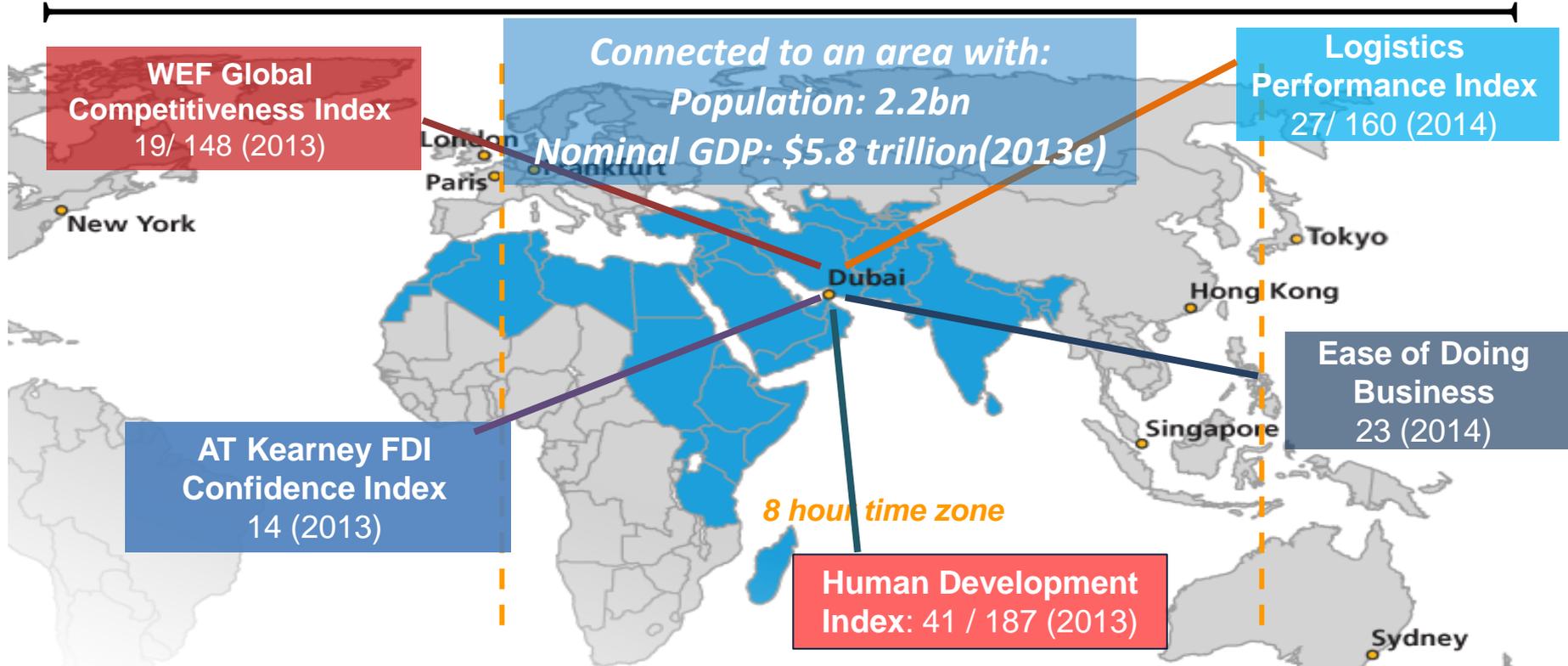
UAE/Dubai's Achievements Against the Odds

	DXB Population 	UAE % foreign population	UAE GDP in US\$ bn 	UAE Per capita GDP (\$)	(UAE) Life Expectancy 
2012	2,105,875	84.8	383.8	41,691	77
1975	183,187	70	14.2	27,631	66.5

UAE performance indicators: snapshot

	Primary Enrollment Rate 	Literacy rates (%) 	Female Labor Force Participation Rate 	Electric Power Consumption (kWh per capita) 	Mobile Cellular Penetration Rate (per 100 people) 
2012	91.1	90	34.4	9388.6 kWh per capita	149.6
1980	76.8	71.2	10.4	5779.3 kWh per capita	0.2

UAE as an Inter-connected Global Hub



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

DUBAI AIRPORT FREE ZONE

DUBAI INTERNET CITY

Jafza
Jebel Ali Free Zone

DUBAI INDUSTRIAL CITY

DUBIOTECH
DUBAI BIOTECHNOLOGY & RESEARCH PARK

DUBAI MEDIA CITY

DUBAI KNOWLEDGE VILLAGE

DIFC
Dubai International Financial Centre

DUBAI HEALTHCARE CITY

مركز دبي للمنتجات المتعددة
DUBAI MULTI COMMODITIES CENTRE

enpark
ENERGY & ENVIRONMENT
A member of TECOM INVESTMENTS

Dubai Flower Centre

Masdar CITY

RAK
FREE TRADE ZONE

INTERNATIONAL MEDIA PRODUCTION ZONE

DUBAI STUDIO CITY

دبي ورلد سنترال
DUBAI WORLD CENTRAL

Kizad
TRANSFORMING INDUSTRIAL ZONES

واحة دبي للسيليكون
DUBAI SILICON OASIS

مدينة دبي للإغاثة
DUBAI AID CITY

المنطقة الحرة
FUJAIRAH
FREE ZONE

FDI in the Middle East

TOP 10 DESTINATION COUNTRIES IN MIDDLE EAST AND AFRICA IN 2012

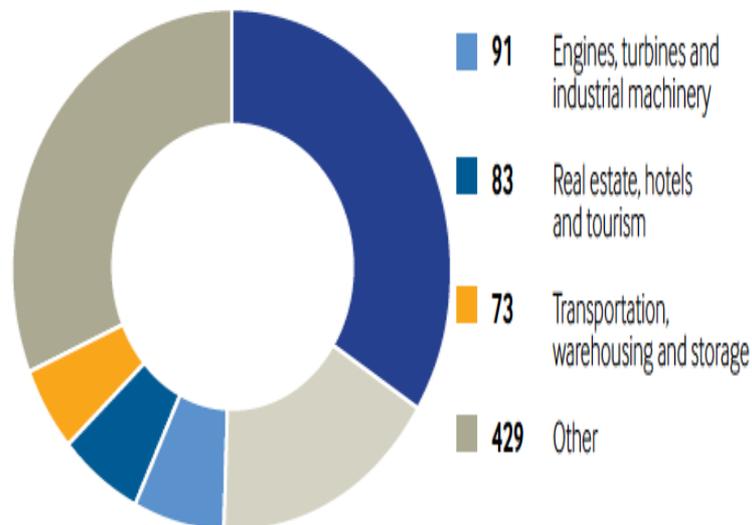
Country	Number of projects
UAE	291
South Africa	147
Saudi Arabia	107
Oman	73
Egypt	54
Nigeria	54
Qatar	54
Kenya	50
Morocco	48
Bahrain	37
Other	455
Total	1370

TOP 10 SOURCE COUNTRIES FROM MIDDLE EAST AND AFRICA IN 2012

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

FDI INTO MIDDLE EAST AND AFRICA BY SECTOR IN 2012

Number of projects



Source: FDI report 2013, fDi Intelligence.

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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**'

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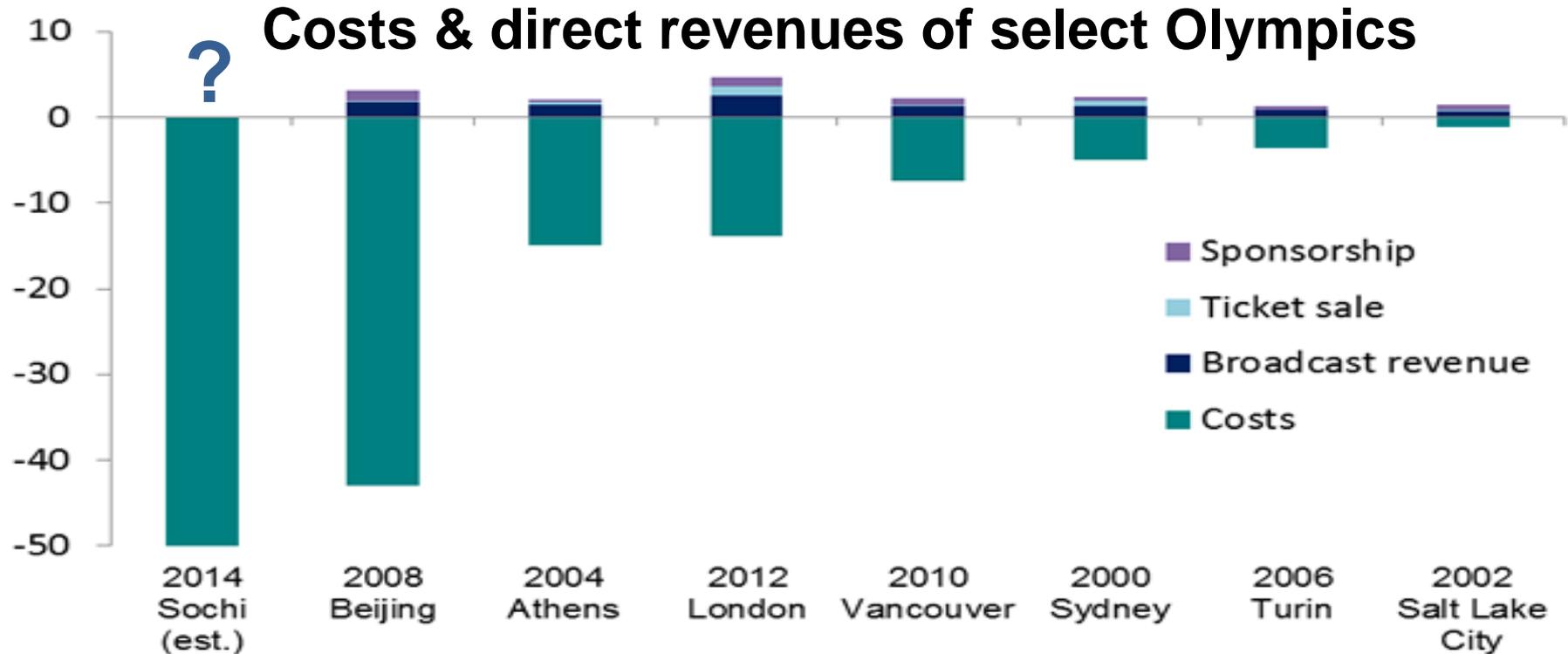
A Bird's Eye View of Key International Events

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

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...



Sources: International Olympic Committee (IOC), Preliminary estimates of costs only for the 2014 Games.

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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

SPENDING SOURCE

Host
Official Participants (Countries, Multilateral Organisations)
Non-official Participants (Corporates, NGO, Education)
Visitors – National
Visitors – International

TYPE OF EXPENDITURES

Construction
Fit Out
Dismantling
Operational Expenses
Travel & Tourism
Marketing, Advertising
Business Services
Logistics

INDUSTRY

Lodging
Retail / Recreation
Air & Ground Transport
Government
Business Services
Construction
Manufacturing

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'

SUPPLY CHAIN PURCHASES

Food / Commodities
Manufacturing
Utilities
Construction
Wholesale Trade
Transport & Logistics
Communications
Business Services

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'

SPENDING OF EMPLOYEES

Food
Consumer Products
Retail / Entertainment
Transport
Housing / Accommodation
Financing
Communications
Construction
Manufacturing

TOTAL DUBAI EXPO 2020 IMPACT

All the impacts have been captured in terms of –

A ECONOMIC OUTPUT
(Non-Trade Business Activity)

B GROSS VALUE TO GDP
(Value Added)

C 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

Infrastructure Spending	Estimated Cost	Method
Airport Expansion	USD 7.8bn	Based on Dubai airports authority projections
Hotel rooms & hotel apartments	USD24bn	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
Creation of additional retail space	USD9bn	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
Metro expansion plan	USD1.38bn	Based on Dubai roads and transport authority (RTA)
Jebel Ali Port – T3 Terminal	USD 1bn	Based on DP World Website – Jebel Ali Port
Sum Total	USD43bn	



The Gulf Cooperation Council's Planned Rail Network



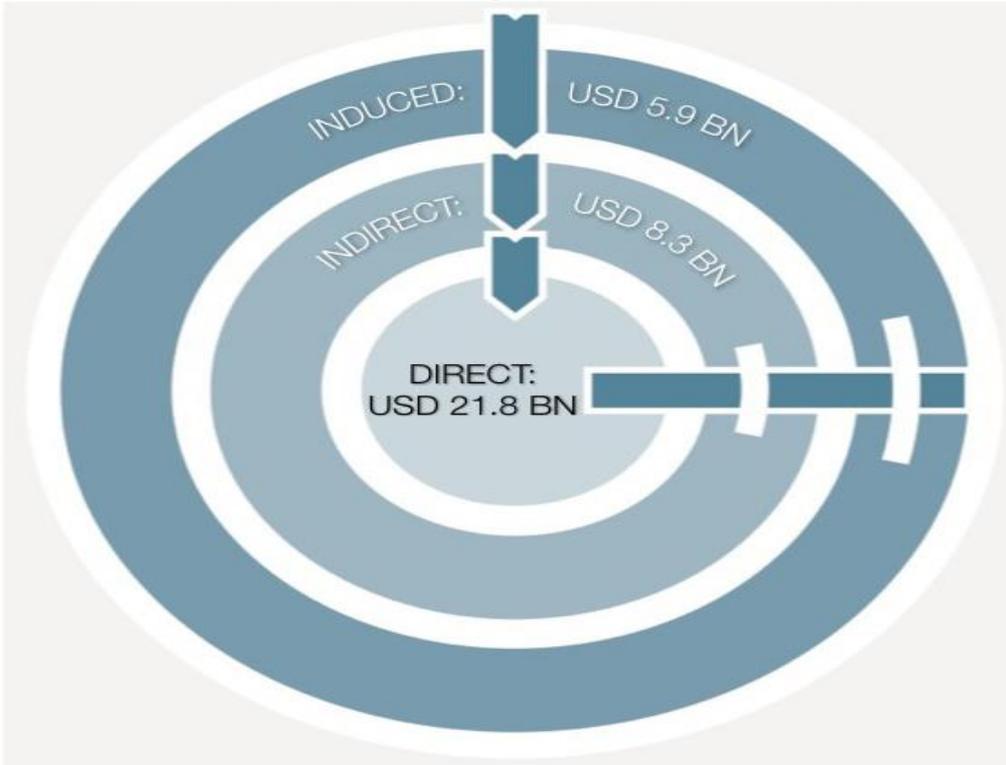
Sources: Reuters, National rail companies

REUTERS

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The Expo Economic Multiplier Effect

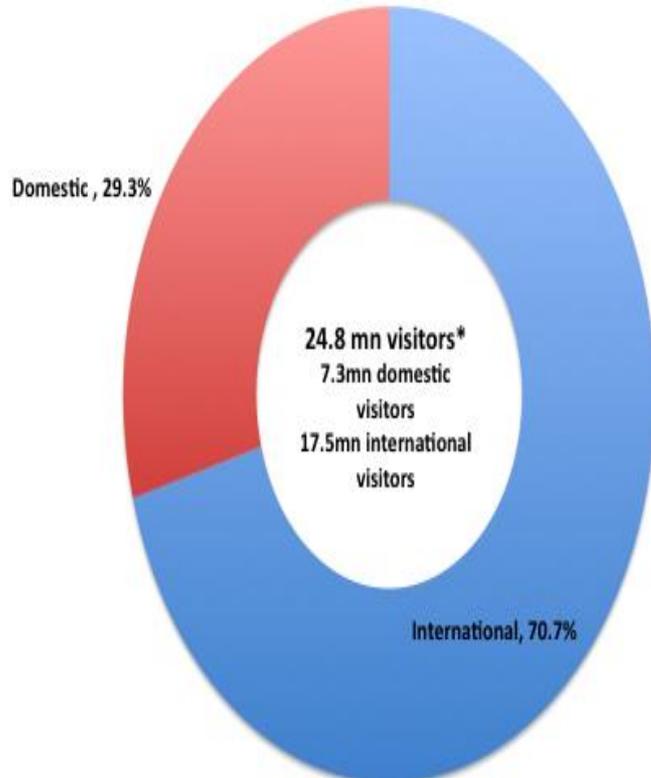
Total Incremental Spend: USD 21.9bn



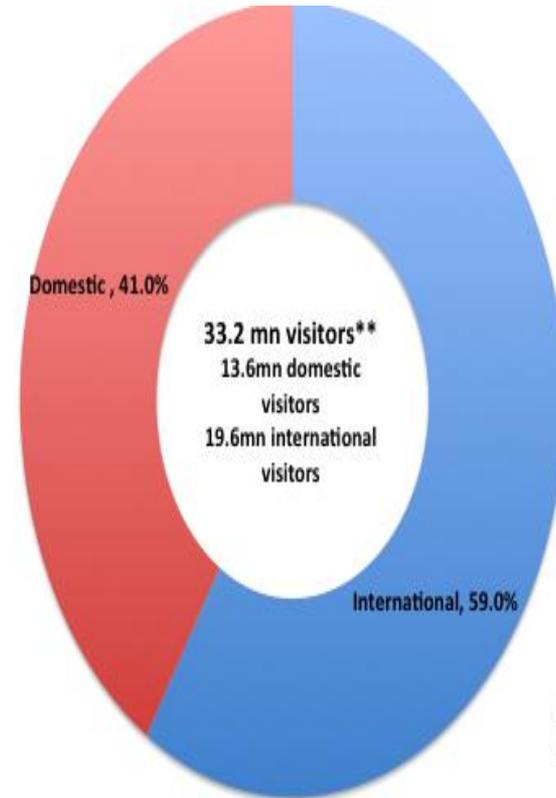
Every incremental \$1 of direct spend expected to result in a 1.65-multiplier in terms of business sales.

Total Business Sales Impact: USD 36bn

71% of Dubai Expo visitors are originating from outside host nation for first time in Expo history



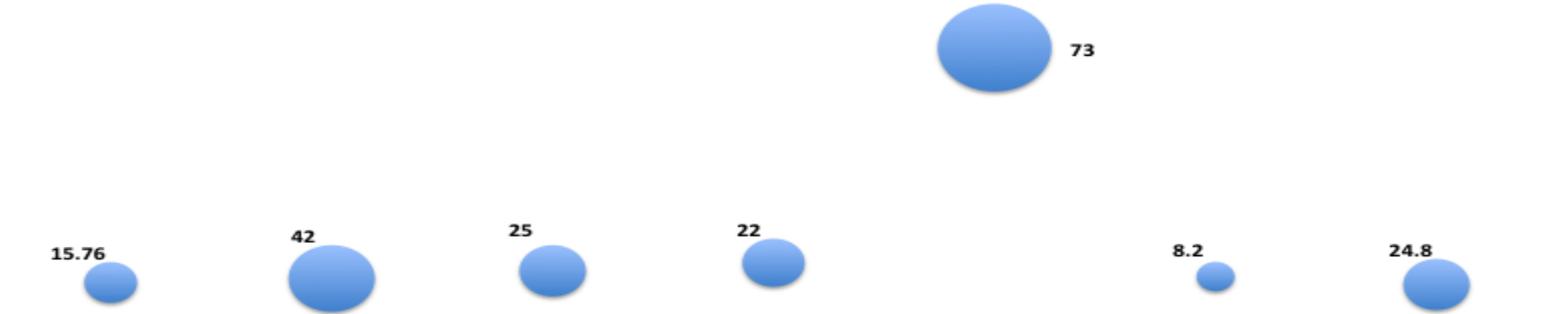
*Defined as unique persons attending Expo 2020



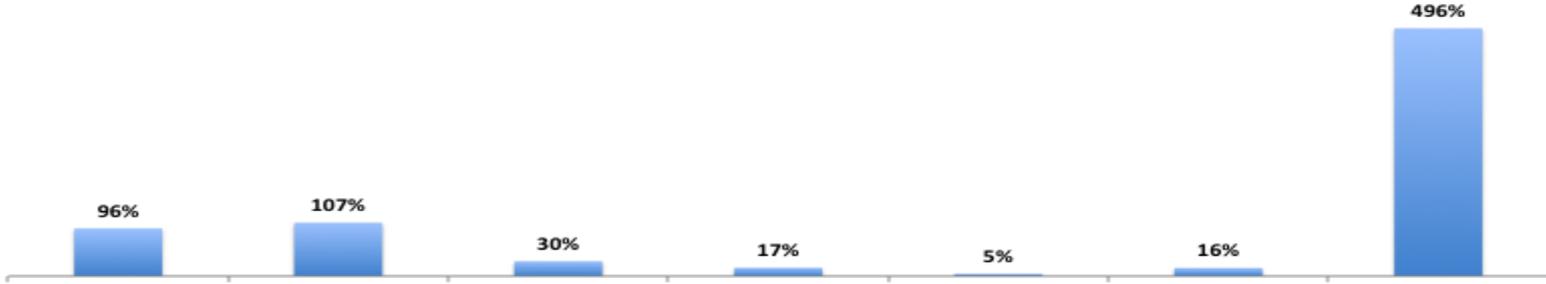
**Defined as total repeat visitor (each visit is a paid admission)



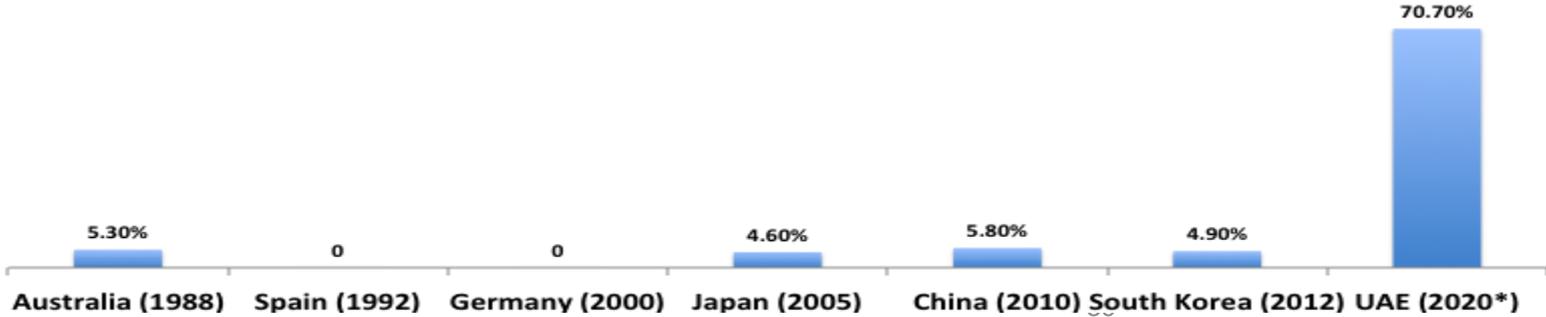
Total Visitors to the Expo



Visitors as % of population

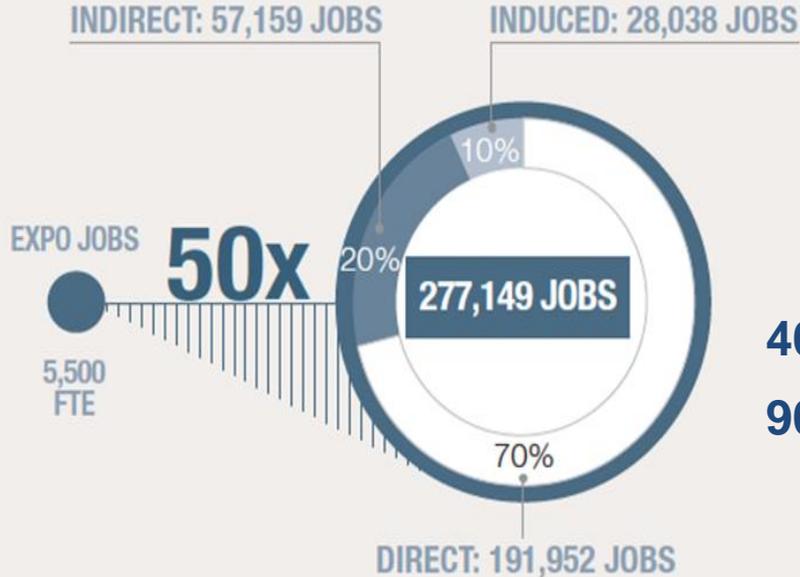


Foreign visitors as % of visitors



Dubai Expo 2020: Job Creation

EMPLOYMENT SUPPORTED BY DUBAI EXPO 2020



EMPLOYMENT CREATED

1.0_{MM} = 60_{JOBS}

SPEND BY HOST

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**

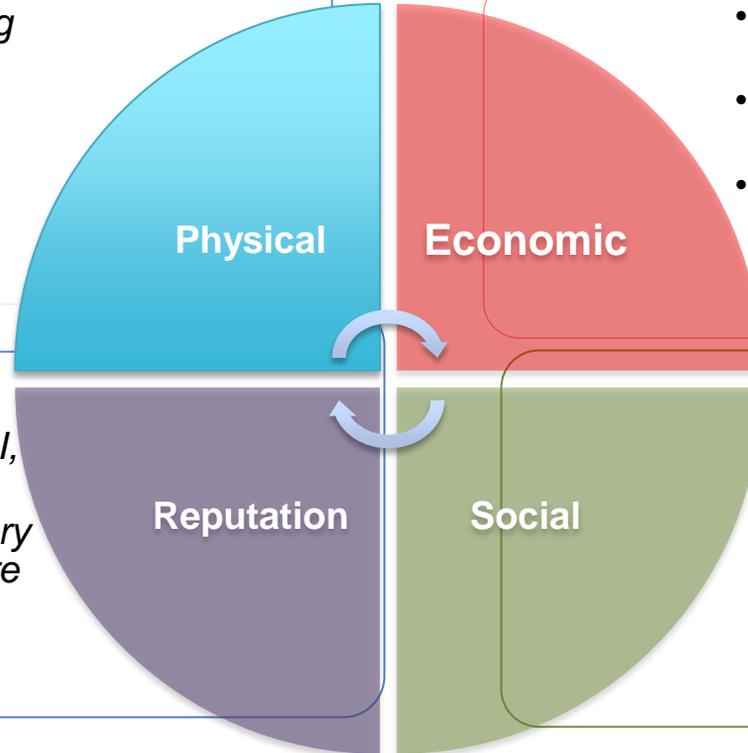
Expo 2020: Holistic Development

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

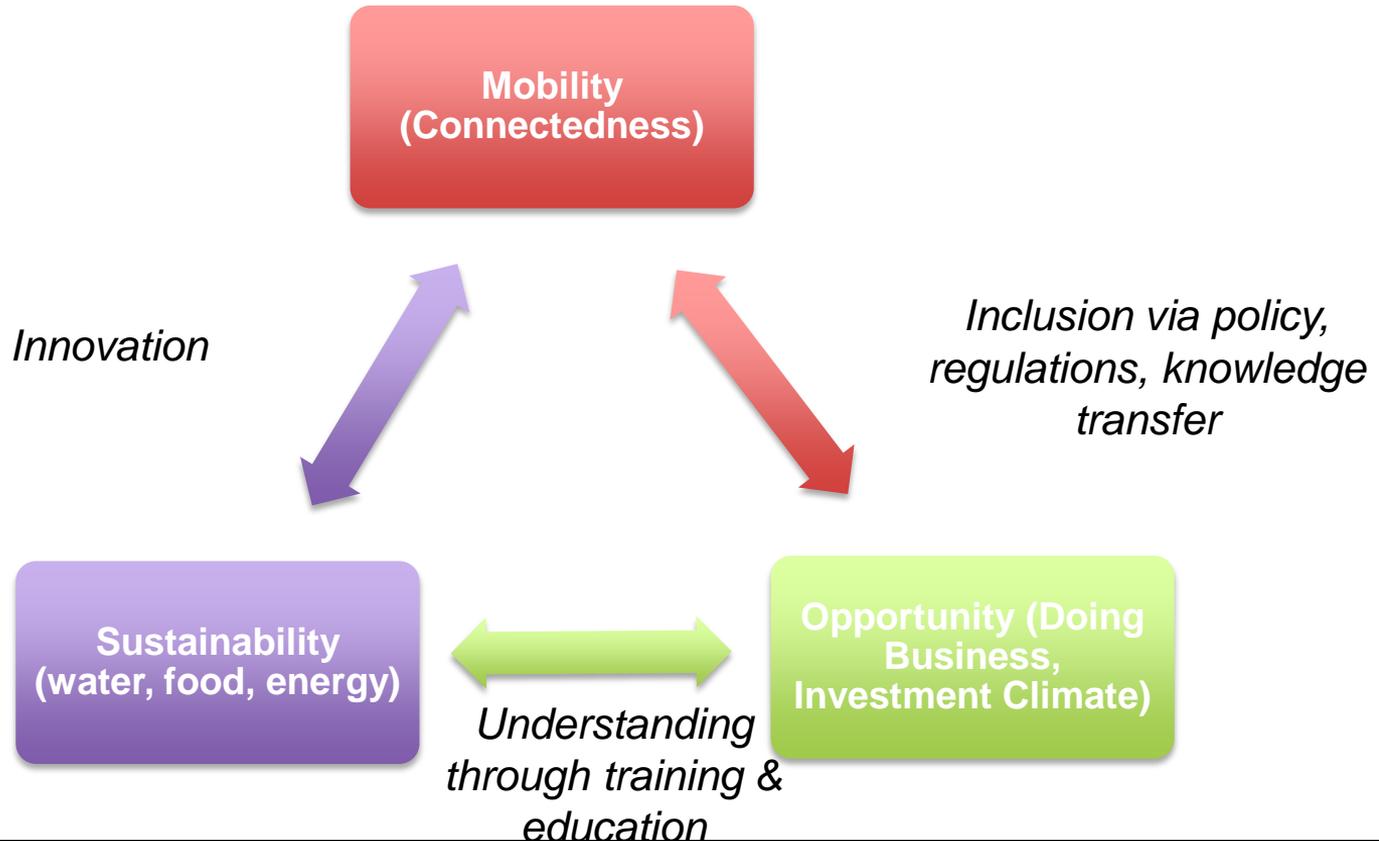
- *Transformation into logistics & transport hub*
- *Development of tourism economy*
- *Sustainable development of local supply chain*

- *Sector diversification, FDI, trade & commerce*
- *Establish itself as visionary global leader for the future green economy*
- *Build Dubai Brand Name*

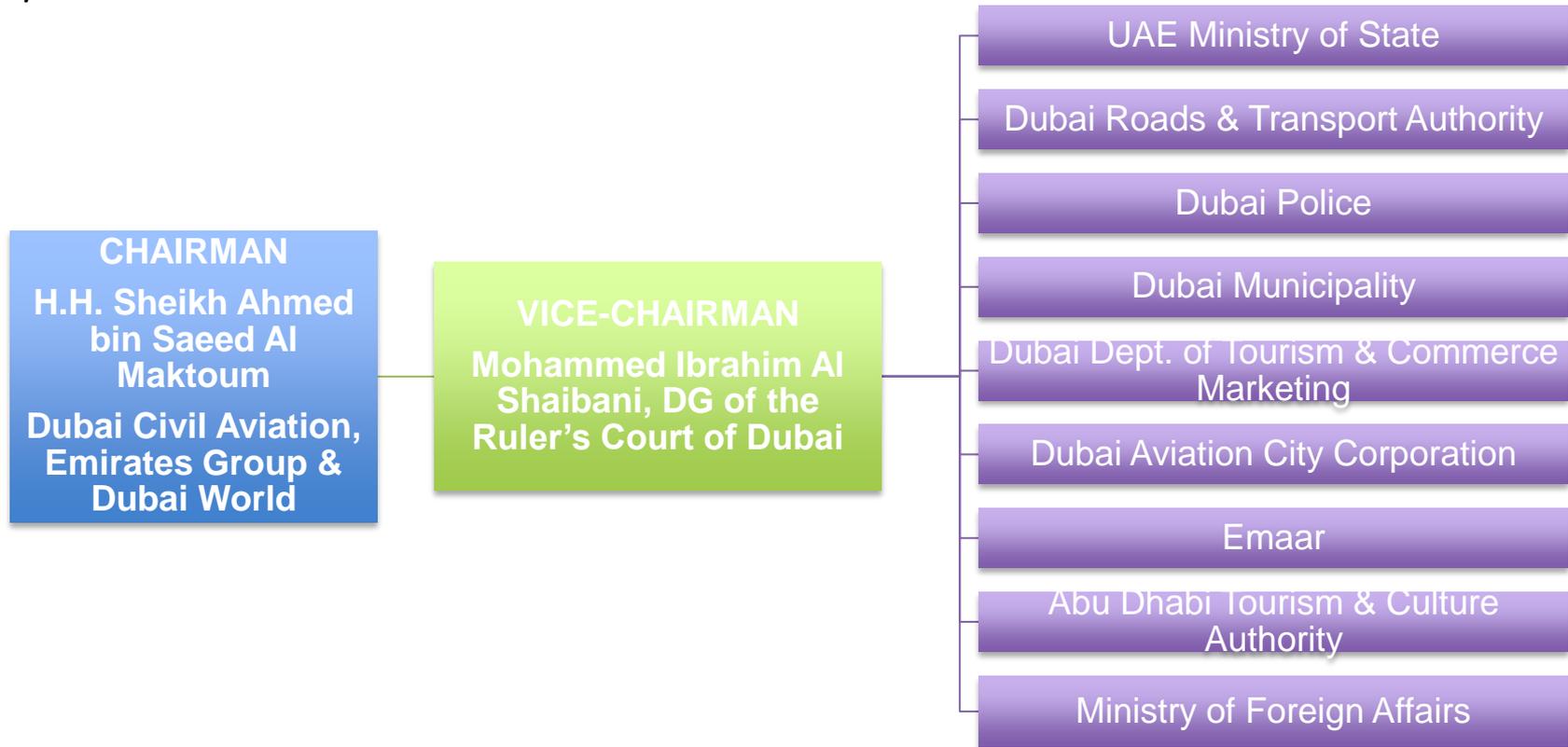
- *Inclusive economic development*
- *Implementation of sustainable policies*
- *Establishment of research & innovation platforms*



Inter-linked themes of the Expo



Dubai Expo 2020 Preparatory Committee provides Strategic Planning & Coordination



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

“Connecting Minds, Creating the Future”

- 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 1990



Sheikh Zayed Road, Circa 2002



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



Dr. Nasser Saidi

nsaidi@nassersaidi.com



@Nasser_Saidi

NASSER SAIDI

— & ASSOCIATES —