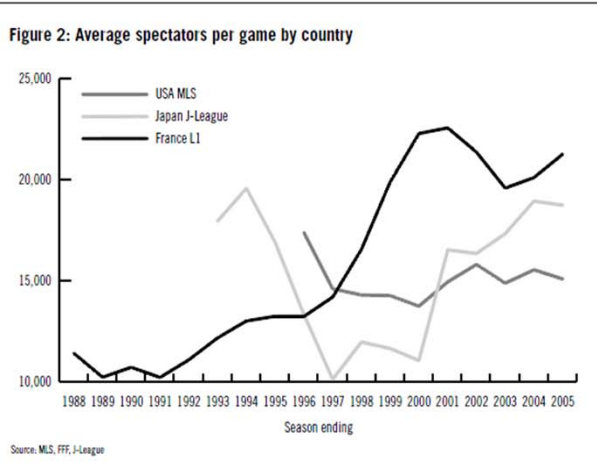
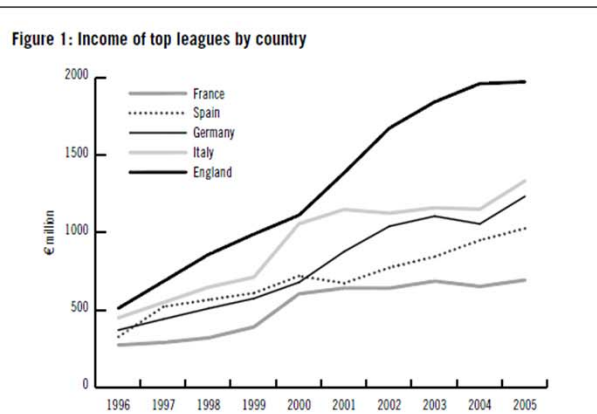


Economic Implications of Hosting the FIFA World Cup

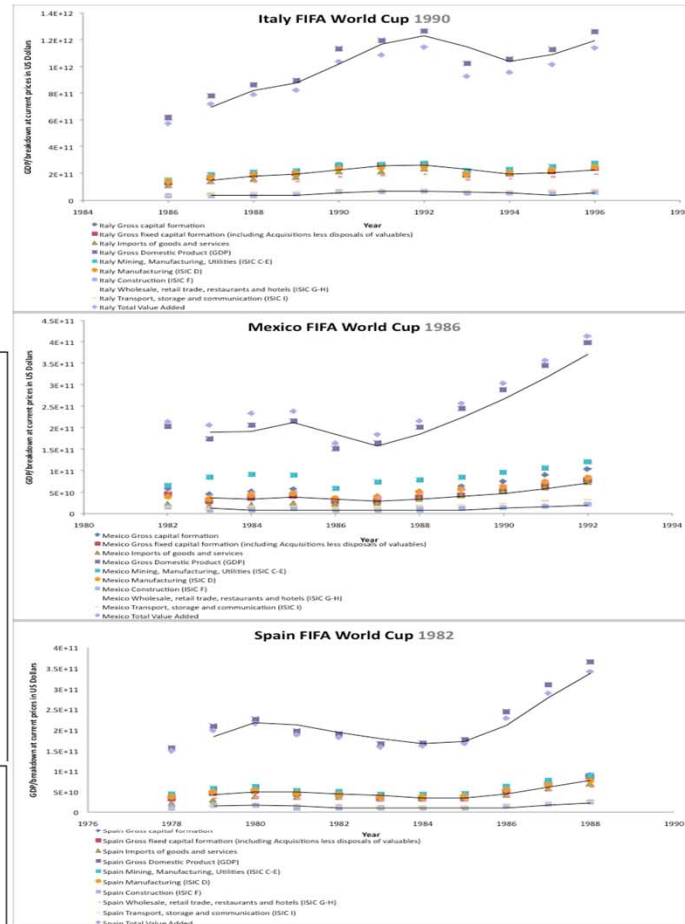
Introduction:

The FIFA World Cup is one of the world's biggest sporting events, with a significant impact to the host nation's economy. The tournament attracts 36 billion viewers on average, making it a prime investment for corporations looking to advertise their products. World Cup sponsorship includes Coca-Cola, McDonalds, and Adidas, generating the 2010 World Cup 1.6 Billion dollars in revenue between 2007-2010. It is often assumed by economic research institutions that the games cause a dramatic boost to the GDP of the host nation, but such forecasts have the tendency to be overly-optimistic since the actual costs of hosting the games tend to significantly exceed the projected expenses.



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Data:

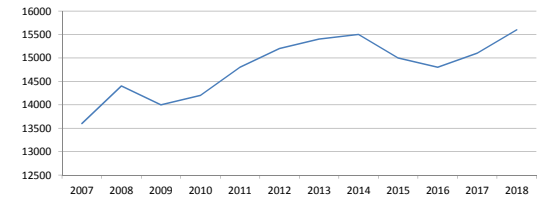


Hosting the FIFA World Cup is an honorable and commendable task. Twenty countries applied for the 2022 bid, which Qatar won. Countries benefit from global fame, direct and indirect economic effects and a boost in nationalism. The World Cup is the world's most widely viewed sporting event; an estimated 715.1 million people watch the 32 teams compete every four years. The data shown above presents the economic implications of hosting the tournament.

Sources:
<http://unstats.un.org/unsd/snaama/dnlist.asp>
<http://mdgs.un.org/unsd/mdg/Data.aspx>
http://www.umbc.edu/economics/wpapers/wp_10_121.pdf
<http://www.bme.eu.com/news/sponsorship-of-the-2010-world-cup/>
http://en.wikipedia.org/wiki/Economics_of_the_FIFA_World_Cup

Conclusion:

Brazil FIFA World Cup 2014



—Brazil FIFA World Cup 2014

The net economic impact from the boost to aggregate demand during the time of the FIFA World Cup is often negligible or even negative. The effect of the games on the net economic indicators of the host nations, including two year prior and three years following the tournament present a similar trend. Prior to the World Cup until approximately one year subsequent to the games, the economic indicators are either insignificant or negative. Three years following the games, the economic indicators drastically rise. This observation is significant because this trend occurs at distinct periods in time for different countries, each in different economic positions at the time of the games. The hosting of the FIFA World Cup can be assumed to be responsible for this trend since the pattern seems to be uninfluenced by the global economy and is a consistent trend of the economies of the host nations.

Reasons for this are:

- Statistical data is recorded at year end, delaying the economic impact arising from the World Cup.
- Construction statistic are recorded differently when noted on the national balance sheet account.
- We predict that unrelated construction spending was cut during the year leading too and during the time of the World Cup, indicated by the drop in construction at the time of the World Cup. The collected funds were then used to expand existing infrastructure related to the World Cup, not counted or reflected on the national balance sheet.

Conclusion: The FIFA World Cup has negligible net economic impacts to the host nation; however, although macroeconomic indicators present the World Cup to have an insignificant influence on the economy, the games could have other positive social and economic effects on the industry and market, which are unrepresented by the macroeconomic data.