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# THE REPORT Dubai EXPO 2020

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# Introduction

The UAE is bidding to host the World EXPO 2020 in Dubai. The EXPO 2020 logo is visible in all major locations in Dubai, including major landmarks, towers, airports, and even the national aircraft. The city is making tremendous efforts to win the bid to host the World EXPO 2020.



Dubai is competing with Ekaterinburg (Russia), Izmir (Turkey), and Sao Paulo (Brazil), for hosting the world's largest fair in 2020.



## Ekaterinburg, Russia

Russia has never hosted the World EXPO previously. Though Moscow had placed a bid to host EXPO 2010, it was won by Shanghai, China. Ekaterinburg, the city chosen for the EXPO, is a major center for education, research, culture, and industry. The proposed theme of the Ekaterinburg EXPO 2020 is “The Global Mind”.



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### **Izmir, Turkey**

Similar to Russia, Turkey has never hosted the World EXPO. Although Izmir, Turkey, had bid to host EXPO 2015, it narrowly lost to Milan, Italy. Izmir has allotted a 276-hectare site for the EXPO on the coast at Inciralti, a short distance from the city center. The proposed theme of the Izmir EXPO 2020 is “New Routes to a Better World/Health for All”. The theme involves a discourse on health and provision of affordable healthcare services.

### **Sao Paulo, Brazil**

- Brazil has never hosted the World EXPO previously. However, Brazil is a step ahead in the competition as it has already won the bid to host the 2016 Summer Olympics. Brazil plans to host the EXPO at the Pirituba Convention and Exhibition Center, located in the northwest of Sao Paulo. The exhibition site would cover an area of 502-hectares. The proposed theme of the São Paulo EXPO 2020 is “The Power of Diversity, Harmony for Growth”.
- The recent announcement by the Dubai government that work will begin early next year on the site for Dubai Expo 2020 represents an exciting time in Dubai's economic development. Dubai was selected to host the world expo trade convention in 2020 (“Dubai Expo 2020”) at the end of 2013, and the award of the event is likely to generate significant economic benefits for Dubai and the UAE as a whole. Considered to be the third-largest global event in terms of economic and cultural impact, after the Olympic Games and the FIFA World Cup, the event attracts millions of visitors to the host nation during its six-month duration, is likely to attract substantial foreign investment into the UAE, and will build upon Dubai's core economic sectors of financial services, construction, tourism, and hospitality.





# World Expo

## SIGNIFICANCE OF HOSTING THE WORLD EXPO

The World EXPO is a major event, considered to be the third-largest global noncommercial event in terms of economic and cultural impact, after the Olympic Games and the FIFA World Cup. The World EXPO is held every five years and attracts millions of visitors to the host city during its six-month duration.

### What are World EXPOs?

- The EXPO is a non-commercial Universal Exposition (not a trade fair) organized by the nation which wins the candidature, with other countries participating 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.
- In the words of Vicente Gonzalez Loscertales, Secretary-General of the BIE, "The EXPOs are unique events of international cooperation dedicated to the communication of innovation and promotion of a global dialogue on themes that engage the entire world community."
- EXPOs have given the world some of its most memorable landmarks and inventions. One of the most famous international structures, the Eiffel Tower, was commissioned as the entrance archway to the Paris EXPO in 1889, so were the Space Needle (Seattle EXPO in 1962) and the Atomium (Brussels EXPO in 1958).



## World Expo

- EXPOs have been famous for introducing the public to telephone, commercial typewriter, automatic windows, superhighway system, sky train, and edible ice-cream cone.



- The last World EXPO was held between May 1, 2010 and October 31, 2010 in Shanghai, China. The Shanghai World EXPO, which cost USD4.2 billion according to government figures, set many records. It involved the largest number of countries (192 countries and 50 international organizations), received 73 million visitors, and was the most expensive World EXPO in history.
- EXPOs are a catalyst for economic, cultural, and social transformation.
- EXPOs work as economic catalysts as they generate economic benefits for the host country in the form of increased tourism, job opportunities, and hospitality revenues. They also provide financial benefits, both during the run up to the event and after it, in terms of large construction activity, and investments from outside the country, among others.
- EXPOs have aided physical redevelopment of host nations and cities. EXPO Montreal 1967, for instance, led to the construction of structures such as the Décarie Autoroute and the Louis-Hippolyte Lafontaine Bridge and tunnel, which were essential to Montreal's growth. The 1988 EXPO in Brisbane, Australia, witnessed the laying of nearly 2,000 kilometers of telecommunications wire.



- EXPOs have been useful for branding of the host country/city. For instance, the Eiffel Tower, one of the most recognizable structures in the world, was built as the entrance arch to the 1889 World EXPO in Paris, France.



## Dubai has placed a bid to host the World Expo 2020

Dubai aims to be the first city in the MENA region to host the World EXPO, the highly celebrated international exhibition. Following a carefully conducted feasibility study in 2011, the UAE launched the country's campaign to host the 2020 World EXPO in Dubai in November 2011.

### **Connecting Minds, Creating the Future**

Like all previous World EXPOs, Dubai too has chosen a theme for the event "Connecting Minds, Creating the Future", realizing the importance of connected minds and collaborating efforts to overcome the challenges faced by the world today. "Connecting Minds, Creating the Future" refers to three concrete domains that shape the priorities of each country: mobility, sustainability, and opportunity.

**Mobility** - Dubai possesses excellent mobility. Last year, Dubai International Airport witnessed passenger traffic of nearly 57 million people. The Emirate is also building the Al Maktoum International Airport. Once completed, the airport would have the capacity to handle 160 million passengers and 12 million tons of cargo annually.

**Sustainability** - Sustainability is part of the strategic vision for Dubai. The climatic conditions of Dubai are favorable for the development of solar energy projects. The project that best illustrates Dubai's ambition in this direction is the Masdar city. Located 17 kilometers away from Abu Dhabi, Masdar city is the world's first sustainable site. Dubai aims to meet 50% of the EXPO site's electricity needs through solar power.





**Opportunity** - Opportunity is crucial for progress. It means identifying new economic models developed through innovation. The sub-theme seems apt for Dubai, which has allowed foreign investors in fields such as finance, services, transportation, digital technologies, and media to settle in the city, thus creating innovation clusters.

### **Dubai Trade Centre - Jebel Ali is the planned venue**

Venue for the World EXPO 2020 Dubai would be Dubai World Central's exhibition district (Dubai Trade Centre - Jebel Ali), a 438-hectare site equidistant from the centers of Abu Dhabi and Dubai. According to Helal Saeed Al Marri, Director General of DTCM and CEO of Dubai World Trade Centre, the EXPO site was chosen to reflect the theme of "Connectivity" while providing the best possible operational and logistical efficiencies for participants. Dubai Trade Centre (Jebel Ali) is located next to the new Al Maktoum International Airport and in close proximity to a custom-bonded Sea-Air logistics corridor that would allow for rapid transit of people from airports and ports in both Abu Dhabi and Dubai.

### **Partners**

Dubai EXPO 2020 has signed a number of partnerships. There are three tiers of partnerships: (1) Premier Partners, (2) Lead Partners, and (3) Official Partners. Six leading companies from the UAE – DP World, Dubai Airports, Emirates airline, Emirates NBD, Etisalat, and Jumeirah Group – are supporting the bid as Premier Partners.



The Dubai Department for Tourism and Commerce Marketing (DTCM) would be the Lead Partner, while numerous UAE government entities have also pledged their support for the bid, agreeing to take on the role of Official Partners.

### **Dubai has a strategic appeal**

Dubai is a bustling metropolis with a diverse, multicultural population of just over two million people from more than 200 nationalities. Foreigners/expatriates make up around 90% of Dubai's total population. Dubai's economy is no longer dependent solely on oil & gas. It has successfully transformed itself into a well-diversified economy based on trade, banking, tourism, real estate, and manufacturing.

### **Dubai is strategically located**

Dubai is connected with 90% of the world's population with non-stop flights. Over a third of the world's population lives within a four-hour flying distance from Dubai, and two-thirds are within an eight-hour flying distance. In 2012, Dubai International Airport handled 57 million passengers from 225 destinations, travelling in on more than 140 different airlines.

Dubai is the perfect gateway between the East and West and the preferred hub for the MENA region's imports and exports market.



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## **Dubai offers political stability**

Dubai offers a higher degree of political stability compared to its regional peers. This was visible during the “Arab Spring” when a large number of expats in the neighboring countries sought asylum in Dubai, adding value to its safe-haven status.

Dubai is a part of the UAE, which enjoys a high degree of political stability in the MENA region. The UAE’s federal structure includes a Supreme Council (comprising the Rulers of each emirate), a Council of Ministers, and a semi-appointed Federal National Council with an advisory role. Each emirate is governed by its own ruler, with its own local government and courts.

## **The UAE (Dubai) is among the 30 least corrupt countries in the world**

Public frustration with corruption was one of the leading factors for the “Arab Spring”, which shook the Middle East in 2011–12. However, Dubai remained safe. The UAE was ranked 27th out of 176 countries surveyed in Transparency International’s 2012 Corruption Perceptions Index.

The Corruption Perceptions Index measures the perceived levels of public sector corruption in countries across the world.



## Potential Impact of the World Expo on Dubai

Dubai Expo 2020 is expected to include a significant contribution to the non-oil-based economy of Dubai and the wider UAE. Although the precise impact of Dubai Expo 2020 is difficult to predict, there is little doubt it is an event of significant importance to the UAE economy as a whole.

According to analysts, Dubai Expo 2020 is likely to generate approximately US\$23 billion (24.4 percent of Dubai's current GDP) between the years 2015 and 2021, and it is likely to boost Dubai's economic growth to an average 6.4 percent a year from 2014 to 2016, and potentially to 10.5 percent by 2020. These figures are calculated based on the total spending by the Dubai government, participants, visitors, and general commercial activity related to the event.

The hosting of Dubai Expo 2020 will require substantial investments from the Dubai government across a range of infrastructure and related projects.

A total spend of US\$8.7 billion is believed to have been allocated for Dubai Expo 2020 related investment. UAE authorities have predicted a windfall of up to US\$17.7 billion in the event that Dubai Expo 2020 is a success.

The large government spending associated with Dubai Expo 2020 will in turn generate significant commercial opportunities for the private sector. Dubai Expo 2020 will require the implementation of many significant new projects and the acceleration of other projects that have otherwise been suspended during the global financial crisis. Some estimates predict that, over the next six years, the UAE could attract as much as US\$100 billion to US\$150 billion in foreign direct investment across a range of industry sectors, including financial services, infrastructure, construction, real estate, hospitality, tourism, and transportation.





## Sectors Are Expected to Benefit the Most

### INFRASTRUCTURE & TRANSPORTATION

- As part of Dubai's ongoing development as a global transportation hub for passengers and cargo, and in advance of Dubai winning the right to host the expo, the Dubai government had committed billions of dollars to expanding and upgrading its existing airport infrastructure.
- Dubai International Airport ("DIA") is currently ranked as the second-busiest airport in the world by international passenger traffic and is already an important contributor to Dubai's economy. DIA is currently undergoing an expansion costing US\$7.8 billion, including the construction of concourse 3 and concourse 4 and expansion of terminals 1 and 2.
- At the end of 2013, Dubai opened a second major international airport, Al Maktoum International Airport ("AMIA"), which once completed will be the world's largest airport, with a capacity to handle 160 million passengers per year. The development of AMIA includes the creation of an integrated sea and air freight facility that is expected to play an important part in Dubai's general transportation infrastructure and in servicing Dubai Expo 2020.
- In order to cater to the millions of additional people who are expected to visit Dubai in the years leading up to Dubai Expo 2020 and during the event, it is expected that Dubai will accelerate the development of AMIA and its adjacent sea and air freight facility in addition to expediting many of its other plans to build out related infrastructure and launch new projects to increase road, urban transportation, and air capacity. Dubai's Road and Transport Authority has recently announced that it will now expedite plans for a US\$1.4 billion extension of Dubai's metro rail line.



## CONSTRUCTION & REAL ESTATE

- The Dubai government has earmarked significant funds for necessary infrastructure development focusing specifically on the construction, real estate, and hospitality industries. Each of these sectors is likely to be the immediate beneficiary of Dubai Expo 2020.
- The site for the venue of Dubai Expo 2020 is a 4.3 million square-meter (438-hectare) plot strategically located between the two major emirates of the UAE, Dubai and Abu Dhabi, and next to the new Al Maktoum International Airport in Jebel Ali. The site will house the expo headquarters and is estimated to include 700,000 square meters of pavilions and other venue space, and 500,000 square meters of permanent structures. The cost of constructing the expo site and related infrastructure is estimated to be US\$6.9 billion.
- The construction and real estate sector will also benefit from a massive expansion in Dubai's hotel capacity that is required to accommodate the 25 million expected visitors. There will also be significant residential real estate projects undertaken for the purpose of supplying the housing needs of expatriates and laborers relocating to Dubai in the years leading up to Dubai Expo 2020 and during the event itself. Dubai Expo 2020 is also expected to have a major impact on demand for office space, as international logistics and marketing companies expand in Dubai to service related event-driven demand.
- One of the most significant real estate and retail developments ongoing in Dubai, which will be phased in during the run-up to Dubai Expo 2020, is Mohammed Bin Rashid City.



- The master plan for this development includes plans for the world's largest shopping mall, more than 100 hotels, a Universal Studios franchise, and a large public park. There is a common belief that further large-scale real estate and retail projects will be announced in the run-up to Dubai Expo 2020 and form part of the wider expo experience to be provided by Dubai.



## HOSPITALITY & TOURISM

- Dubai Expo 2020 is projected to attract 25 million visitors over a period of six months, with more than 70 percent of these coming from outside the UAE.
- The impact on Dubai's hospitality industry is likely to be significant. The Dubai government has calculated that up to 45,000 additional hotel rooms, to be added to the existing 82,000 room supply, will be required in Dubai to accommodate the large number of non-UAE visitors. While Dubai already has a number of hotels, very few are close to the Dubai Expo 2020 site, and currently few focus on the important mid-range sector. An array of hotel construction projects are therefore expected to be launched, near or close to the Dubai Expo 2020 site, as well as in other parts of the city, which once completed will double the number of available hotel rooms in Dubai.
- The total investment in hotel capacity required by 2020 is estimated to be US\$7.2 billion.





## ENERGY

- By the beginning of the year 2020, Dubai's electricity consumption is expected to reach 9.6 giga watts, representing a 50 percent jump from 2012 levels. Although the stated ambition of the Dubai Supreme Energy Council is to reduce energy demand by 30 percent in the coming years, the anticipated consumption levels create a major challenge for Dubai in hosting Dubai Expo 2020.
- In the run-up to the expo, a mix of energy generated from coal, nuclear, and solar sources is anticipated to cater to the demand. Dubai is currently planning various independent power projects ("IPPs"), including the development of the second phase of its 100 megawatt ("MW") solar park (the first phase was built by a U.S. contractor and opened in October 2013) and a 1,200 MW clean-coal-fired IPP at Hassyan in Dubai.
- In addition, Abu Dhabi has embarked on a US\$30 billion plan to construct the first nuclear power plants in the UAE, with the first (of four) scheduled to start supplying electricity in 2017. By 2020, all four plants are expected to be in operation, producing 5,600 MW of nuclear energy—25 percent of the UAE's expected energy needs.
- Dubai Expo 2020's stated aim is to deliver an expo that is environmentally sound, setting new standards in the planning and execution of mega-events. With a target of generating 50 percent of the energy requirements from renewable sources on-site, Dubai Expo 2020 will attempt to showcase the first large-scale application of building-integrated photovoltaic and solar technology, setting a new benchmark for future mega-events.

## CAPITAL MARKETS

- The capital markets of Dubai winning the Expo 2020 bid has accelerated this optimism. Dubai is estimated to spend US\$24 billion during the period 2014-2020 and using an economic multiplier this will push up Dubai's GDP by 150bp during that period. The image below shows the economic estimates for Dubai from 2014-2020.
- The Debt to GDP ratio is a far better estimate of a country's indebtedness than the actual debt figures. The declining ratio for Dubai is a positive sign that the Expo and other salient factors will prop up the denominator by a big enough number to lower the ratio.

## FORECAST

### Estimates for years leading up to event

Dubai's Projected GDP and debt growth	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP Growth %	5	5		5	5	5	5	5
GDP deflator(CPI Inflation) %	17	2	2	2	2	2	2	2
GDP (\$bn)	144.2	155.1	166.9	179.6	193.3	208	223.9	240.9
Debt (\$bn)	144.5	147.9	151.4	154.8	158.2	161.6	165.1	168.5
Debt to GDP ratio %	100.2	95.4	90.7	86.2	81.8	77.1	73.7	69.9



- In summary, the 6 years till Expo 2020 will see heightened growth with state funded infrastructure projects and the relative safe haven status Dubai has happily accepted, there'll be increased liquidity in the markets with the MSCI upgrade and with a potential upside of more startups finding a home in Dubai with changes in domestic regulations governing listing of startups and potential change in geopolitical situation around Dubai.
- The risk that investors will need to accept when looking at Dubai is the possibility of a property bust in the near future with property prices on the rise, especially with foreign investment paying in cash on the rise, and that the capital markets are still comparatively less mature in terms of liquidity.



## RETAIL SECTOR

- Some of the world's most powerful luxury brands fill the 95 malls, markets and souks in Dubai and during the city's short history it has become internationally recognized for its retail market.
- "The retail sector in Dubai has always been strong, underlying the nation's growth" line by Majid Al Ghurair, chairman of the Dubai Shopping Malls Group.
- "As Dubai increasingly becomes recognized as a centre of commerce for the Southern Hemisphere, the Expo could potentially boost this reputation with exponential growth of up to four times [the current retail sector]," Ghurair said.





## BANKING

- Another highly anticipated key-gainer from the Expo 2020 is the banking sector. The event, which is the third largest in the world behind the Olympics and the Soccer World Cup, is expected to bring an increased confidence in Dubai's financial centre, further boosting the reputation of the UAE as credible economic force on the world stage.
- According to a recent report by Bank of America Merrill Lynch Expo will improve the GDP of the UAE.
- "We estimate a successful Expo 2020 bid would provide a modest lift to GDP growth, leading up to the period, and a more material one around the event itself. It should lead the award activity pipeline to show strong improvement." by the report.



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## AIRLINES

- Middle East airlines are expected to experience a hike in business during the run up to 2020, as 70 per cent of the 25 million predicted visitors to Expo are expected to travel from outside of the UAE.
- However, according to Helel Almarri, Director General of Dubai's Department of Tourism and Commerce Marketing (DTCM), the planned aviation development between 2013 - 2020 fits within long-term growth plans for Dubai's tourism industry, irrespective of the Expo 2020.
- "The tourism vision for 2020 includes the target figure of welcoming 20 million visitors per year to Dubai by 2020. Clearly hosting Expo will help us achieve that ambitious target, but our plans are not reliant on it," Almarri said.



## RECRUITMENT

- The effect on the job market has been one of the most talked about factors surrounding Expo 2020, with the Department of Tourism and Commerce Marketing predicting 275,000 jobs being created between 2013 and 2021. An impressive figure, the government has said that the growth within this figure will be felt most across construction, engineering, transportation, retail, hospitality and aviation.
- Konstantina Sakellariou, a partner at recruitment firm Stanton and Chase has emphasized the need for sustainable investment in the job market. “ A number of sectors will benefit. Expo will boost demand for human talent, while it will also attract additional investments, funds and residents, which will increase consumption, having a positive impact in additional sectors of the economy.
- “However, one needs to be cautious in order to avoid opportunistic reactions in the human talent market, which were experienced in the past. This will be the biggest challenge the overall human talent sector will have to face, and we hope that the experiences of the past will allow both candidates and companies to be wiser and more professional.”



## DEWA

- In a recent World Bank report, Doing Good Business 2014 DEWA (Dubai Electricity and Water Authority) was ranked first across the Middle East, and fourth in the world for adept electrical output. The main electricity and water supply for Expo 2020, the event is likely to further promote the international credibility of Dewa.
- This is something which is welcomed by the company's CEO Saeed Mohammed Al Tayer, who has said Dewa's electrical and water supply which maintains a safe excess of the amenities to current demand will provide the basic formula for reliable expansion for 2020.
- Al Tayer has repeatedly voiced his support of Dubai's Expo campaign over recent months and is confident that the company's plans for expansion for the 2020 event will be successful.
- The CEO has also emphasised that DEWA will keep reliability and availability at the core of the company's expansion. "We will spare no efforts to achieve Dubai's goal of development and support preparations for hosting Expo 2020," said Saeed Mohammed Al Tayer.





## Conclusion

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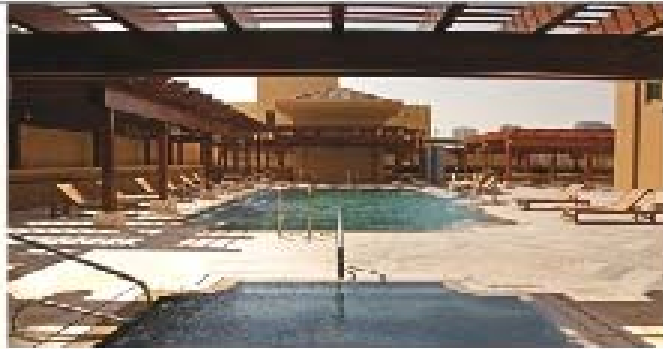
Dubai's success in winning the right to host the Dubai Expo 2020 is likely to result in enhanced foreign investment into the UAE across industry sectors as international corporations seek to maximize on the opportunity. With an announcement this week by the Dubai government that work will begin early next year on the Dubai Expo 2020 site, it is clear that preparations to monetize the event are well underway.



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**Thank You...!**