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FIFA World Cup Germany 2006™: Perspectives for Tourism

by
Gerd Ahlert *

* contact: **GWS (Institute of Economic Structures Research) mbH**
Weissenburger Str. 4 • 49076 Osnabrueck • Germany
tel.: + 49 (541) 4093317 • fax: + 49 (541) 4093311
email: ahlert@gws-os.de • homepage: www.gws-os.de

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2 ECONOMIC STUDIES CARRIED OUT WITH REGARD TO THE FIFA WORLD CUP GERMANY 2006™

2.1 OVERALL ECONOMIC STUDIES

- Cost-benefit analysis (Rahmann et al. 1998)
- Dynamic interindustry based macroeconomic impact analysis (Meyer & Ahlert 2000, Ahlert 2001 & 2005)
- Impact analysis within a quarterly panel model (Boss et al. 2005)
- Expenditure analysis (Bargel 2005)

2.2 REGIONAL ECONOMIC STUDIES

- Regional impact analysis (Meyer & Ahlert 2002, Ahlert 2004)
- Impacts estimated by conducting a survey (Wegweiser GmbH 2004)

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3 IDENTIFYING THE EVENT-RELATED INVESTMENTS

3.1 investments in football stadiums

FIFA host city	seats (FIFA WC 2006)	stadium (in mill. €)	of it public financed (in mill. €)
Berlin	66.021	242,0	196,0
Dortmund	60.285	36,0	0,0
Frankfurt	43.324	126,0	84,5
Gelsenkirchen	48.426	186,0	0,0
Hamburg	40.226	104,7	11,0
Hannover	39.297	64,0	44,0
Kaiserslautern	41.513	71,2	71,2
Cologne	40.590	117,0	25,5
Leipzig	38.898	116,0	72,2
Munich	59.416	340,0	0,0
Nuerenberg	36.898	56,2	56,2
Stuttgart	47.757	51,3	15,3
TOTAL	562.651	1.510,4	575,9

source: OK FIFA WM 2006, Wegweiser GmbH, own inquiry

3 IDENTIFYING THE EVENT-RELATED INVESTMENTS

3.2 investments in media facilities and local transportation infrastructure within the 12 World Cup regions

FIFA host city	media facilities (in mill. €)	transport infrastructure (in mill. €)
Berlin	0,0	485,8
Dortmund	28,6	28,0
Frankfurt	0,0	53,3
Gelsenkirchen	0,0	56,4
Hamburg	0,0	1.312,1
Hannover	0,0	304,4
Kaiserslautern	0,0	122,7
Cologne	0,0	90,0
Leipzig	0,0	595,5
Munich	96,0	301,0
Nuerenberg	0,0	30,0
Stuttgart	0,0	197,9
TOTAL	124,6	3.577,1

source: OK FIFA WM 2006, Wegweiser GmbH, own inquiry

3 IDENTIFYING THE EVENT-RELATED INVESTMENTS

3.3 total supplementary public investments in transportation infrastructure

transportation infrastructure	costs (in mill. €)
federal government	
- motorways	3.900
- traffic information & control	500
federal states & local government	
- roads	400
- park & ride	400
- public transport	300
- traffic information & control	100
TOTAL	5.600

source: OK FIFA WM 2006, BMI, own inquiry

- ▷ most of the investments in transportation infrastructure are preferred „anyway“ investments of the federal transport infrastructure plan; some of them rushed to the target date spring 2006

4 IDENTIFYING THE EVENT-RELATED CONSUMPTION

4.1 regional distribution of free available World Cup tickets

FIFA host city	games	seats ⁶⁾	share
Gelsenkirchen	4V ¹⁾ + VF ²⁾	219.254	8,2%
Cologne	4V + AF ³⁾	179.284	6,7%
Dortmund	4V + AF + HF ⁴⁾	303.224	11,3%
North Rhine Westfalia	12V + 2AF + VF + HF	701.762	26,3%
Munich	4V + AF + HF	315.854	11,8%
Nuerenberg	4V + AF	161.359	6,0%
Bavaria	8V + 2AF + HF	477.213	17,9%
Stuttgart	4V + AF + 3&4	233.542	8,7%
Kaiserslautern	4V + AF	184.728	6,9%
Frankfurt	4V + VF	191.673	7,2%
Leipzig	4V + AF	171.574	6,4%
Hannover	4V + AF	171.209	6,4%
Hamburg	4V + VF	203.898	7,6%
Berlin	4V + VF + F ⁵⁾	337.310	12,6%
TOTAL	64	2.672.909	100,0%

¹⁾ V: qualifying round

²⁾ VF: quarter final

³⁾ AF: eighth final

⁴⁾ HF: semi final

⁵⁾ F: final

⁶⁾ free available seats

source: OK FIFA WM 2006, own inquiry

4 IDENTIFYING THE EVENT-RELATED CONSUMPTION

4.2 effects on domestic consumption

- ▷ **macro-economically spoken the World-Cup related expenditures of domestic visitors do not need to be taken into consideration since they can only spend their money once. They will finance additional expenses associated with the FIFA World Cup by substitution with other consumption uses. The additional net economic effect will - probably – only carry little weight.**
- ▷ **regional-economically spoken the World Cup will redistribute the income in favor of the 12 FIFA World Cup cities and their related regions (comp. Ahlert 2004)**

4 IDENTIFYING THE EVENT-RELATED CONSUMPTION

4.3 effects of World Cup induced inbound tourism consumption

- ▷ **more than one mill. international tourists will visit Germany during the event**
- ⇒ **under favorable conditions the international World Cup tourists will spent up to 1 bill. Euro during the event in Germany**

Reasons:

- most teams of the directly neighboring countries are qualified (France, Netherlands, Poland, Switzerland & Czech Republic)
- the big other European football nations are qualified (Italy, England, Spain & Portugal)
- teams of richer resp. higher populated non-European countries are qualified (USA, Saudi Arabia, Japan, Australia, Brazil, etc.)
- attainability of Germany by international low cost airlines, railways and motorways is rather high
- the average traveling distances of European World Cup visitors facilitate a relatively high number of short term visits

5 MACROECONOMIC IMPACT DUE TO WORLD CUP INDUCED INBOUND TOURISM CONSUMPTION

	2006	2007	2008	TOTAL
gross domestic product	1,25	0,37	0,03	1,65
consumption	0,52	0,39	0,07	0,98
investments	0,13	0,05	-0,04	0,14
external balance	0,60	-0,07	0,00	0,53
output	2,32	0,58	0,04	2,95
taxes	0,29	0,09	0,01	0,39
persons engaged	14.550	50	1.200	15.800

source: own calculations with the macroeconomic model INFORGE of GWS mbH

- ▷ in 2006 under favorable conditions the World Cup induced supplementary inbound tourism consumption (ca. 1 bill. Euro) will provoke a mark up of the annual German GDP growth rate to the amount of 0,07 %

6 Sustainable impact of hosting the FIFA World Cup 2006

- update of the German football stadium facilities
- upgrade of the national transportation system (railway & land transport; traffic steering systems)
- update of the national tourism information system as a multilingual interactive platform using the internet
- promotion of the German tourism industry with a relatively low price level and perfect service and shopping facilities
- new alignment of Germany as a modern and hospitable destination in international tourism with cultural and regional diversity
- promotion of Germany as an excellent place for international investors

Thank you very much for your attention !

