

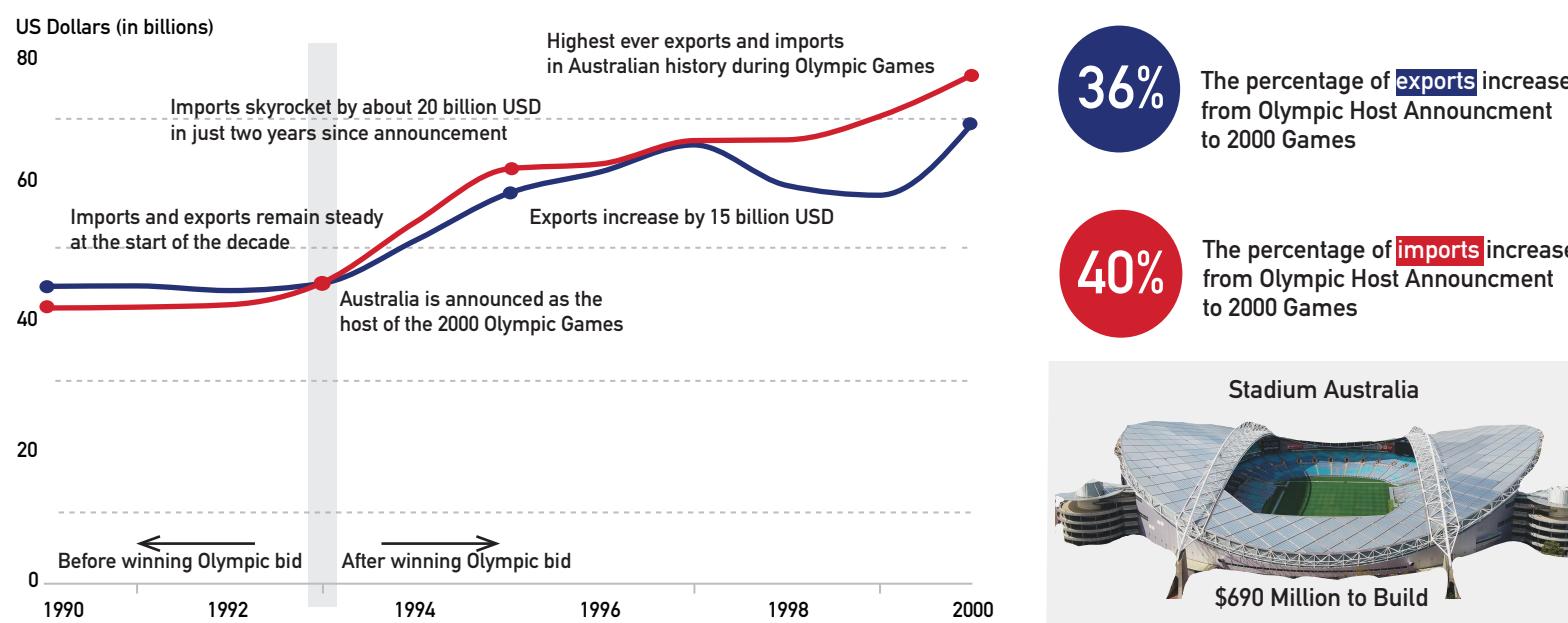
# IS THE OLYMPIC EFFECT REAL?

Graphic By: MAX ZUSSMAN  
Sources: tradestatistics.io

## AUSTRALIA SAW A DRAMATIC INCREASE IN INTERNATIONAL TRADE AFTER IT WAS NAMED HOST OF THE 2000 OLYMPICS

The Olympic Effect is a phenomenon that occurs after a country is selected to be the host of an upcoming Olympic Game. The respective country sees a dramatic increase in international trade and typically will see their exports and imports rise about 30%. This effect is often permanent and can significantly boost a country's trading power.

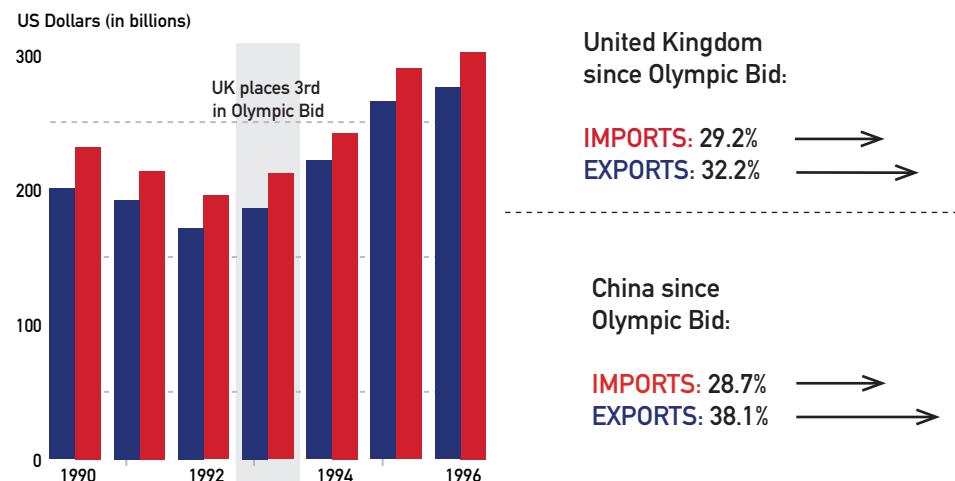
### Australia's International Trade Before and After Being Announced as Host



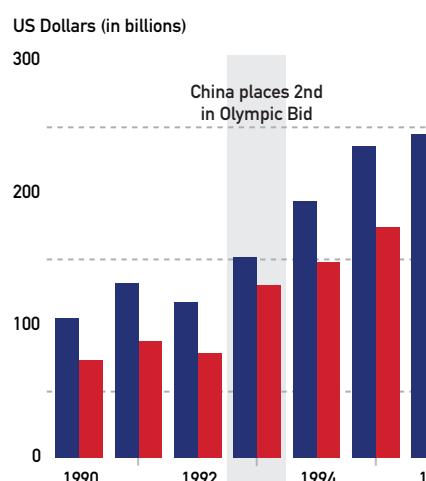
## THE OLYMPIC EFFECT DOES NOT ONLY EFFECT THE HOST COUNTRY

Interestingly enough, it appears that host countries are not the only ones that experience the Olympic Effect. Data shows that countries that simply bid on hosting the Olympics also experienced similar effects. Take a look at trade trends of China and the UK who placed second and third in the bidding to host the 2000 Summer Olympics.

### United Kingdom's Imports and Exports



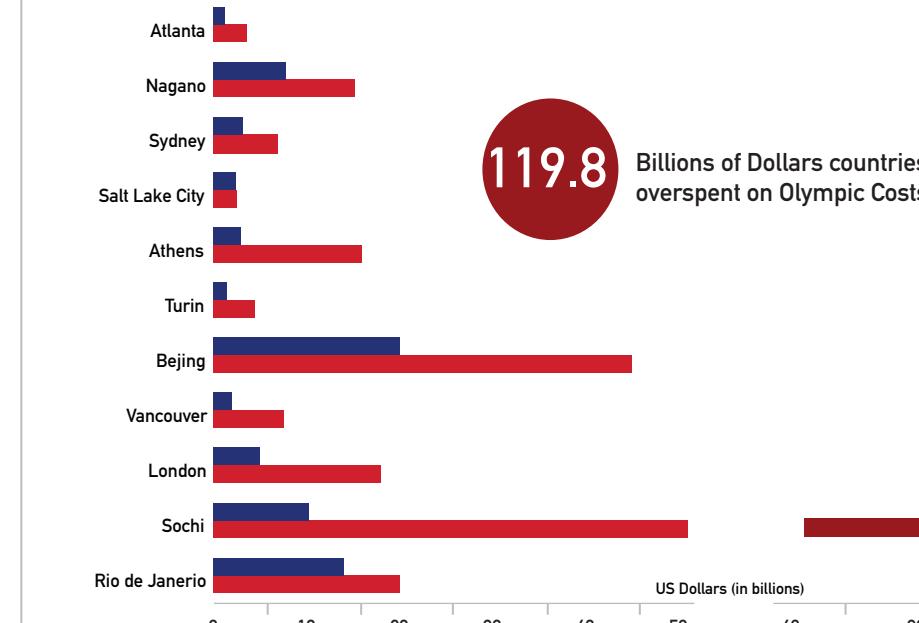
### China's Kingdom's Imports and Exports



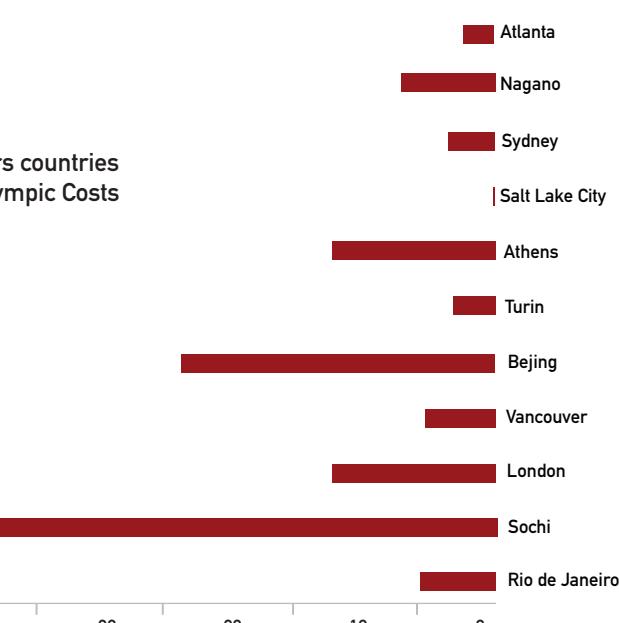
## THE OLYMPIC EFFECT IS A POSITIVE BUT THAT DOES NOT MEAN COUNTRIES NECESSARILY BENEFIT FROM HOSTING THE OLYMPIC GAMES

While host countries and bid countries may benefit from an influx of international trade, the cost of the Olympics remains extraordinarily high. Even more problematic, is that every host city for the past two decades has dramatically underestimated the cost of hosting the Olympics. The charts below compare the **Projected Olympic Cost** compared to the **Actual Olympic Cost**.

### Olympics Cost Way More than Expected



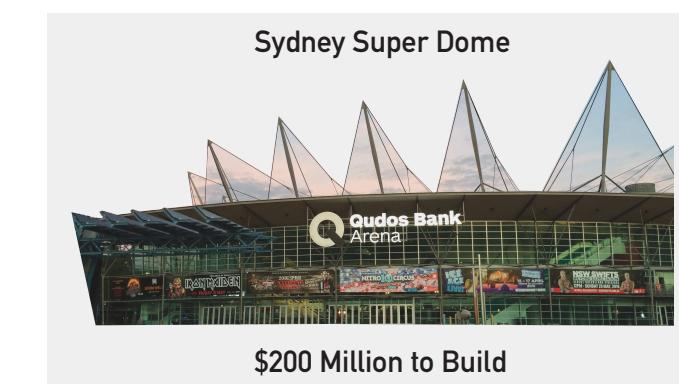
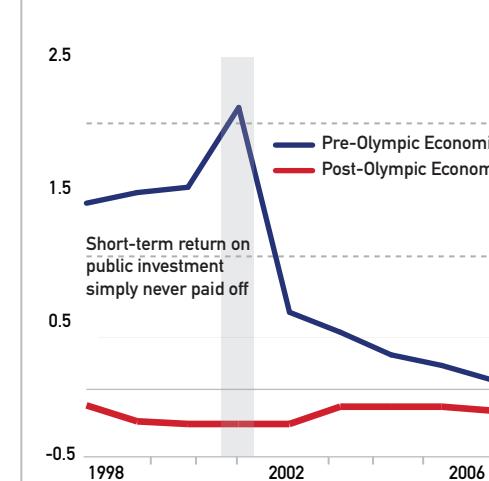
### Projected vs Actual Olympic Cost Deficit



## PRE-OLYMPIC STUDIES GREATLY OVERESTIMATED ECONOMIC BENEFITS

There tends to be a bit of an exaggeration by economists when they look at the potential impact of hosting the Olympic Games. The graph below shows how Australian economists vastly overestimated the GDP benefit of hosting. They were expecting much higher short-term returns which simply did not happen.

### Impact of Sydney Olympic on GDP (%)



Australia spent around one billion dollars to build various Olympic stadiums