

Office of the Minister of Foreign Affairs

Chair,
Cabinet

New Zealand Participation at Expo 2020 in Dubai, United Arab Emirates

Proposal

1 The paper proposes that Cabinet invite the Minister of Foreign Affairs to submit a Budget bid for \$53.24 million for consideration in the Budget 2017 process (the majority of which would be expended in the 18/19, 19/20 and 20/21 budget years) and which, if successful, would enable New Zealand to participate in the World Expo (Expo 2020) to be held in Dubai, United Arab Emirates (UAE) from October 2020 to April 2021.

Executive Summary

2 New Zealand has been invited to participate in Expo 2020.

3 World Expos are the Olympic Games of the economic, scientific and industrial world. The largest to date, Expo 2020 will bring together more than 180 nations and attract approximately 25 million visitors over six months – with 75% of visitors forecast to be international, this Expo will be more global than any other.

4 The Expo 2020 theme, *Connecting Minds, Creating the Future*, provides the flexibility to develop a pavilion concept uniquely applicable to New Zealand that supports the Business Growth Agenda (BGA), presenting New Zealand as an innovative, solution-focused, knowledge-based economy; as well as an outstanding place to visit.

5 The UAE is New Zealand's 10th largest goods export destination, and countries comprising the Gulf Cooperation Council (GCC)¹ together are 6th.² In addition, the countries of the GCC are an entry point into the region for some New Zealand companies and a base from which to penetrate the wider Middle East and beyond to Central Asia and Africa. Exports of goods to the GCC have grown by an average 10% per year over the last decade. The GCC economies are largely hydrocarbon based, sitting atop an estimated third of global oil reserves and a fifth of global gas reserves. The resulting foreign exchange reserves have created sovereign wealth funds among the world's largest.

¹ The GCC is a regional intergovernmental political and economic union consisting of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

² 2015 goods exports to GCC totalled \$1.73 billion, total two-way goods trade \$3.4 billion; exports to UAE \$833 million, total two-way trade \$1.26 billion.

6 The UAE is central to the GCC, a region that is experiencing an explosion of economic activity, and has unparalleled logistic capability through airlines and massive port capability. The New Zealand Government has been building an important beachhead for the region in Dubai; matched by New Zealand companies including Fonterra, Orion Health, Pultron Holdings, ANZCO, FrameCad, and Zespri.

7 Participation in Expo 2020 provides a unique opportunity to develop New Zealand's important bilateral relationship with the UAE, advance the GCC-NZ FTA, encourage the diversification of our trade profile with the GCC and emerging markets; and position New Zealand with the fastest growing economies in Africa, India, the Middle East, Europe and Central Asia. This Expo, more than any previously, is designed to engage across a region rather than just the country. The economic benefits of participation are tangible and align with Government's BGA and broader foreign affairs and trade strategies within the India, Middle East & Africa (IMEA) region.³

8 While the benefits and risks are difficult to accurately estimate, officials assess that the benefits of participation in Expo 2020 far outweigh the risks, and the benefit-cost ratio (BCR) conservatively estimates an economic return greater than the cost. Cabinet is asked to invite the Minister of Foreign Affairs to submit a Budget bid for consideration as part of the Budget 2017 process which, if successful, would enable New Zealand participation.

9 To achieve these benefits, New Zealand would need to mount a credible display. The Indicative Business Case (IBC)⁴ estimates costs for a modest Pavilion, spread over the next five years will be in the order of \$53.24 million⁵ (\$48.24 million for construction and operations, plus \$5 million for leveraging by stakeholder agencies). In addition, it is anticipated that a further \$5 million would need to be re-purposed from current baseline funding of stakeholder agencies, particularly NZTE, Education New Zealand (ENZ), Callaghan Innovation (Callaghan) and Tourism New Zealand (TNZ), as they align their strategies with participation in Expo 2020. The majority of this funding would be expended in the 18/19, 19/20 and 20/21 budget years (see para 44 below).

10 If the Budget bid is successful, following market assessment of design, concept and content, a Detailed Business Case will examine the costs, management and agency performance expectations in a further report to Cabinet in September 2017. In the meantime, there are advantages to responding to the invitation to participate at the earliest opportunity possible in the budget process, to secure a prime location, cost effective contractors, and leverage the positive bilateral benefits of early response.

³ Goods exports to this region were worth \$4.6 billion in 2015.

⁴ Ernst & Young were commissioned by MFAT to complete the IBC.

⁵ \$53.24 million over five years: 17/18: \$3.01m, 18/19: \$7.79m, 19/20: \$32.1m, 20/21: \$10.34m, 21/22: \$1m.

Background

11 His Highness Sheikh Mohammed bin Rashid Al Maktoum, Prime Minister and Vice President of the UAE, and Ruler of Dubai, has invited New Zealand to participate in Expo 2020.

12 The bilateral relationship between New Zealand and the UAE has developed to a point where we support each other's international candidacies. s6(a)

13 International interest in Expo 2020 is intense.⁶ Securing a premium location for a New Zealand pavilion will be dependent on an early commitment to attend.⁷ There will be positive spinoffs for the bilateral relationship from an early indication of participation – increasing New Zealand's chances of securing a prime location, retaining contractors, and securing Waitangi Day as our national day during the Expo.

14 New Zealand has recognised the potential opportunities and limitations posed by participating in World Expos and taken a robust approach when evaluating participation. Participation in Shanghai Expo 2010 aligned with our goals to build trading links with China, whereas New Zealand chose not to participate in Milan Expo 2015. In both cases, the decision to participate was based on an assessment of the wider foreign policy, trade and economic opportunities to catalyse New Zealand activities, as opposed to Expo participation in and of itself.

Expo 2020

15 Expo 2020 will be the first World Expo to take place in the Middle East, Africa and South Asia region, consisting of 72 countries and a combined population of 2.8 billion. Located between East and West, North and South, the UAE is well-placed for a major trading nation. Home to four major hub airports,⁸ and two leading airlines,⁹ the UAE also has nine major sea ports, including Jebel Ali, the ninth largest container port in the world.¹⁰ There is no comparable sea-land-air logistics centre.

⁶ More than 70 Countries have accepted the invitation; European countries include France, Greece, Italy, Switzerland, Slovenia, and The Netherlands. Their Theme Statemetns for site allocation are due by February 2017. s9(2)(ba)

⁷ An early decision to participate in Shanghai secured a prime position, and tangibly advanced our bilateral relations: Shanghai Expo 2010 Independent Quality Assurance Report, Post Implementation Review, July 2011, Independent Quality Assurance New Zealand.

⁸ Abu Dhabi, Sharjah, Al Maktoum, and Dubai International (3rd highest number of passengers globally in 2015 >78 million, and the 6th largest for air freight)

⁹ Emirates Airlines and Etihad Airlines

¹⁰ Two major sea ports: Jebel Ali and Port Rashid, among the most active and efficient in the world. Jebel Ali, 2014 9th highest volume of freight globally (15.25 million TEU), and the largest port outside Asia

16 Dubai, the host city, is one of the world's key points of connection, with one-third of the global population within a four-hour flight. Dubai is ranked as one of the world's most globalised cities – home to 200 nationalities, the world's busiest international airport, and the world's largest man-made harbour. Developed significantly over the last 40 years, Dubai is now one of the world's most modern urban landscapes¹¹, linked by multi-lane highways and technologically advanced Metro and tram systems. A thriving centre for business, 70% of Fortune 500 companies have their regional base in Dubai, and it tops the World Bank's annual report for Ease of Doing Business in the Arab world.

17 A magnet for international visitors (14.2 million in 2015) Dubai has a proven ability to construct and host events of this scale and complexity. Expo 2020 will include completion of the world's largest airport, 500 new hotels, and five new amusement parks. The UAE is currently ranked as the World's third safest destination.¹²

18 Much larger than any other, Expo 2020 will be on a 4km x 1.8km site bringing together more than 180 nations and attracting 25 million visitors over six months. With 75% of visitors forecast to be international, this Expo will be more global than any other – a major point of difference. From experience at both Shanghai and Aichi, an Expo of this scale could mean hosting in excess of 4.5 million people in a New Zealand pavilion. Crucially for New Zealand exporters and the Tourism industry these visitors will predominantly be international and business focused, as opposed to the largely domestic makeup of the Shanghai and Aichi audience.

19 The Expo 2020 theme, *Connecting Minds, Creating the Future*, recognises that generating sustainable solutions to global problems demands collaboration across cultures, nations, and regions. The theme is underpinned by three sub-themes around which the Expo will be physically and conceptually organised (see **Appendix 1** for a concept design of the Expo 2020 site):

- a. Sustainability—progress and prosperity without compromising the needs of future generations
- b. Mobility—unlocking new possibilities for people and communities to become successful contributors to the future
- c. Opportunity—creating smarter and more productive connection

20 This theme has the flexibility to develop a pavilion applicable to New Zealand with a BGA emphasis, particularly under the 'Opportunity' sub-theme. Presenting New Zealand as an innovative, knowledge-based economy and an outstanding place to visit aligns with the 'Building Export Markets' focus on growing value-added exports, enhancing the country's reputation, and growing tourism and international education linkages. It would also further efforts to refresh and integrate the New Zealand Story (NZ Story) into our offshore diplomacy and marketing activity. The 'Opportunity' sub-theme also supports the 'Building Innovation' and 'Building Investment' BGA pillars, and is relevant to focus

¹¹ Dubai has the 3rd largest number of skyscrapers, including the world's tallest building (Burj Khalifa).

¹² World Economic Forum, *Global Travel and Tourism Competitiveness Report 2015*.

sectors in education, health, food and beverage, sciences, biotechnology, environmental engineering/building, agri-tech, and aviation.

21 Expo 2020 will occur at the same time as several other trade shows in Dubai concentrating on air transport, food, construction, health, and security. These trade shows are well-attended by New Zealand businesses, supported by NZTE. There will be significant alignment between Expo 2020 and these key trade shows.

22 Leveraging and developing the NZ Story (established as a consequence of Expo 2010 in Shanghai) Expo 2020 presents opportunities for New Zealand to increase its international branding and reputation, and build upon existing strategies, increase investment and initiatives already undertaken by Government and New Zealand businesses within the GCC, India, Iran, our target African markets,¹³ and Central Asia.

23 Ministers may wish to note that Expo 2020 will occur at a similar time to other regular major events and New Zealand's hosting of 2021 APEC.

New Zealand's Interests

24 s6(a) It follows that a number of key strategic considerations have underpinned the assessment of the benefits of participation in Expo 2020:

- a. The UAE is s6(a) political partner in the region from a trade, economic, defence and security perspective. The UAE is a welcome pragmatic voice on key regional security issues, and our engagement with the UAE in the context of our seat on the UNSC has established our credibility on regional and security matters. At the same time, New Zealand is viewed as a reliable partner, from a food security, trade and economic, and defence perspective.¹⁴
- b. Predominantly through Dubai, the GCC is our 6th largest export market. The UAE alone is New Zealand's 10th largest export market. The GCC has, over the last decade, been New Zealand's fastest growing major market outside China.
- c. The UAE is a critical supporter of the GCC-NZ FTA.
- d. The UAE is a critical and proven global air and sea logistics hub and a key access point to the GCC, and emerging markets in the Middle East, the African continent, and Central and South Asia.

¹³ s6(a)

¹⁴ The UAE favourably refers to New Zealand's International rankings and often benchmarks its own progress against New Zealand in economic and social rankings.

- e. The combined economic value to New Zealand of the five daily A380 Emirates flights is understood to exceed \$700m per annum.¹⁵
- f. The UAE has demonstrated a strong commitment to New Zealand through increased engagement,¹⁶ and establishing investment linkages.¹⁷
- g. The bilateral relationship between New Zealand and the UAE has developed to a point where we support each other's international candidacies.^{s6(a)}
- h. New Zealand's relationship with the UAE and the GCC is strong, and we enjoy growing levels of foreign direct investment and market access as a result. Expo 2020 is a high priority for the UAE government, which is investing substantial financial and political capital to ensure it is, and is perceived to be, a success.
- i. While the relationship with the UAE is advanced and maintained on sound commercial and economic grounds, New Zealand operates in an environment where it competes with other countries to attract services and investment, as well as gain access to markets. This event is the most important event on the UAE calendar, and the UAE is looking to its friends to participate and help make Expo 2020 a success.

^{s6(a)}

¹⁵ ^{s9(2)(b)(ii)}

¹⁶ G2G partnerships with ^{s9(2)(b)(ii)} and Federal MOU, Collaborative Pacific Renewable Energy Partnership, investment, sponsorship of Emirates Team New Zealand since 2004 (promoting R&D).

¹⁷ ^{s9(2)(b)(ii)}

^{s9(2)(b)(ii)}

Should New Zealand Participate?

26 An invitation of this nature necessitates an explicit choice of whether to attend. A Task Force was therefore established to consider whether New Zealand should participate in Expo 2020. The Task Force comprises representatives of MFAT, NZTE, MBIE, and the Treasury together with a dedicated Project Director.

27 The Task Force commissioned the IBC, engaged with the Treasury¹⁹ through the three-tier Clinic process, commissioned peer reviews of the costs and benefit analysis of the IBC, and submitted to review by the Investment Panel. The Task Force consulted with both government agencies and the private sector.

28 The IBC outlines the extent to which participation in Expo 2020:

- a. Aligns with the BGA Growing Export Markets strategic intention, and the relevant policies and strategic directions undertaken through MFAT, NZTE, MPI, ENZ and TNZ.
- b. Would provide a unifying goal across different agency strategies toward the GCC, over the next ten years.
- c. Increase and diversify New Zealand's trade profile (in goods and service, and markets) and showcase its competitive strengths, many of which are not immediately well understood to the world, in a cost-effective manner.
- d. Maintain and improve New Zealand's political relationship with the UAE, and the wider GCC and IMEA region, laying the foundation for continued and improved economic and political success.
- e. Supports the Government's NZ Inc. GCC Strategy as well as MFAT's Africa Action Plan focused on key African growth markets.

29 Five Investment Objectives have been identified in the IBC from effective participation in Expo 2020:

- a. Increasing the total value of New Zealand's exports
- b. Increasing in the diversity of our exports
- c. Maintaining and increasing bilateral engagement on trade and non-trade issues in the IMEA region
- d. Raising New Zealand's profile amongst new trading partners and broadening the understanding of our capabilities with all trading partners.

¹⁹ Note that while the Treasury is a member of the Task Force, they will reserve the assessment of this initiative until it is considered through the Budget process.

30 These objectives are realistic and attainable and 16 distinct measureable benefits of participation have been identified, as have the risks of non-participation. These are set out in **Appendices 2, 3 and 4**. The key risks of non-participation are most notably the potential for:

s9(2)(d)

s9(2)(d)

s6(a)

31 All options have been assessed against the benefits and risks in the Economic Case of the IBC.

32 The risks of non-participation are difficult to mitigate; whereas the benefits of participation at the right level are great, and entirely mitigate the identified risks.

33 MFAT and NZTE officials therefore recommend that New Zealand participates in Expo 2020.

Extent of Participation

34 The Task Force has considered the economic cost and benefits of alternative participation options. The critical success factors against which options have been measured are: Effectiveness, Enhancement of Bilateral Relations, Affordability, Achievability, Commercial Capacity to Deliver, and Flexibility.

35 Seven options were assessed in consultation with Stakeholder agencies, cost-benefit analysis (CBAX), and qualitative non-monetary assessment of future benefits expectation. The CBAX and construction costs were independently peer reviewed²². **Appendices 5 and 6** respectively provide a table of the options and analysis against investment objectives and critical success factors.²³

s9(2)(d)

²² Peer review of the benefits of participation was undertaken by Sense Partners. A peer review of the indicative costs of participation was undertaken by Mouchel (a Dubai based engineering consultancy familiar with the New Zealand Better Business Case process).

²³ The cost range of participating in, and leveraging, Expo 2020 is estimated from \$44 to \$91 million over a five-year period, representing the spread between the (lowest cost) small sized pavilion option and the (highest cost) mid-sized pavilion option.

36 A short-list of four options was carried forward for further assessment:

- a. Option 1: Do not attend Expo 2020. This option did not meet the investment objectives, and ranked last in terms of critical success factor assessment. This option was carried through as it demonstrates the consequences of not participating.
- b. Option 4: Attend event, small pavilion (enables New Zealand to tell a new story but does not provide meeting rooms or entertainment facilities). Critical success factor assessment rank: third.
- c. Option 5: Attend event, modest sized pavilion (enable New Zealand to tell a new story and provide adequate meeting room and entertainment facilities). Critical success factor assessment rank: first.
- d. Option 6: Attend event, mid-sized pavilion (enable New Zealand to tell a new story and provide several meeting rooms and mid-sized entertainment facilities). Critical success factor assessment rank: second.

37 It is important to note that the analysis of the benefits of participation has been undertaken conservatively.²⁴ **Appendix 7** is a table analysing the short-listed options.

Preferred Option

38 Option 5: *Attend event, modest sized pavilion* is the preferred option. This option meets the investment objectives and critical success factors. In arriving at this preference all qualitative and quantitative metrics have been balanced with the feedback from stakeholder agencies and the private sector.

39 The IBC calculates an incremental benefit-cost ratio (BCR) of 5.89 when the potential costs/risks of not attending are taken into account, and a positive monetised BCR of 1.01.²⁵

40 An incremental BCR is considered a good benchmark for assessing whether to attend Expo 2020, because it uses 'Do not attend' as a baseline. Both Option 4 (Attend Expo 2020, small-sized pavilion) and Option 5 perform well on this measure as they successfully mitigate the 'benefits at risk' of non-attendance. Option 4 performs particularly well at 7.26 due to the sensitivity of this metric to cost.²⁶ Option 5 is the best

²⁴ E.g. all monetisable benefits have been limited to the GCC and limited to the duration of the event; yet the value proposition for attendance at Expo 2020 centres on the distinctly international focus of the event and the opportunity to rebase New Zealand's relationship with the UAE and GCC – these wider international benefits have not been monetised.

²⁵ The BCR excludes non-monetised benefits associated with improved bilateral relations with the UAE and GCC, improved business connections, and the opportunity to tell the NZ Story to a global audience; and takes into account a very conservative construction cost estimate.

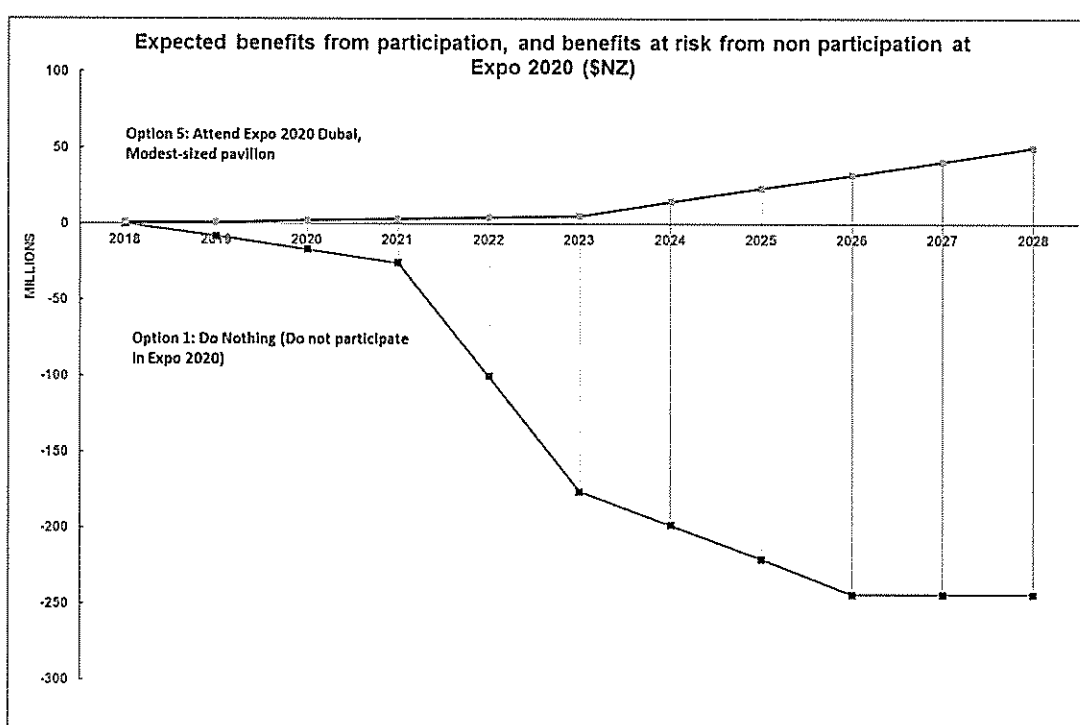
²⁶ The incremental BCR for Option 4 is higher than Option 5 (despite Option 4 performing worse on every other metric) because of the sensitivity of the calculation to cost. In this scenario, the quantum of the 'benefits at risk from non-attendance' vastly outweighs the quantum of the 'benefits of attendance'. Therefore, lower cost

performing option on a like-for-like comparison when both the monetised and non-monetised benefits are considered. It also provides the best upside for achieving 'non-monetised benefits'.

41 Although Option 4 costs \$12 million less than Option 5, it is not a viable proposition as it has no capacity for entertaining or hosting, and as such is extremely unlikely to deliver meaningful leveraging activities and therefore deliver on the fundamental investment objectives and private sector engagement. It is unlikely stakeholder agencies (in particular NZTE, ENZ, and TNZ) would be able to deliver the results expected from the investment.

42 MFAT and NZTE Officials consider that Option 5 is the minimum level of involvement s6(a) and enable New Zealand to adequately showcase new industries and allow existing industries to break into new markets. It also mitigates the risk of potentially losing existing benefits currently accruing to New Zealand s6(a)

This is graphically illustrated in **Figure 1** below:



43 The estimated costs of this option are \$53.24 million (\$48.24 million for construction and operations, plus \$5 million for leveraging by stakeholder agencies over the lead up to, during and following Expo 2020).²⁷ In addition it is anticipated that a

options will perform relatively better on an incremental BCR. However, this excludes 'non-monetary benefits' expected from attendance and therefore does not represent the full upside potential of the options.

²⁷ Actual Shanghai Expo cost line items have generally been the basis for cost calculation of a modest-sized pavilion (which in the absence of detailed design and development of theme and content is considered to

further \$5 million will be re-purposed from current baseline funding of stakeholder agencies as they align strategies to best leverage the opportunity.²⁸

44 The IBC anticipates the cost will be spread over five years as follows:

Funding Sought (\$m)	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
Expo 2020 funding	-	3.01	7.79	32.10	10.34	0	53.24
						.00	
Baseline funding	-	1.00	1.00	1.00	1.00	1.00	5.00

45 All other options had a lower monetised BCR, as well as a combination of higher risk of negative impacts, higher actual costs, and/or a lower probability of non-monetary benefits.

Conclusion

46 Participation in Expo 2020 provides a unique opportunity to develop New Zealand's important bilateral relationship with the UAE, advance the GCC-NZ FTA, and encourage the diversification of our trade profile and showcase New Zealand's competitive strengths with the GCC and the fastest growing economies in Africa, India, the Middle East and Central Asia. The economic benefits of participation are tangible and align with Government's BGA and broader foreign affairs and trade strategies within the India, Middle East & Africa (IMEA) region.

47 Subject to Cabinet approval of the recommendation to submit a Budget bid to enable New Zealand to participate in Expo 2020, the Task Force, chaired by MFAT, would continue to be responsible for:

- a. Working with NZ Story to complete the required Expo 2020 Theme Statement²⁹
- b. At the earliest time possible, if the budget bid is successful, communicating with Expo 2020 organisers New Zealand's acceptance of the invitation to

represent the best basis for assessment). Factors applied to adjust the cost numbers to make them relevant to Expo 2020 included: inflating Shanghai costs for CPI between 2012 and 2020; inflating or deflating line items on relevant factors (such as staff numbers required in Dubai, construction cost indexes and higher operating costs); adding specific Dubai expectations (for example air-conditioning); and applying learnings from Shanghai, particularly around dedicated professional delivery, versus borrowed agency resource. The peer review of construction cost assessment reveals that the IBC has taken a conservative approach, which is appropriate at this indicative stage.

²⁸ This equates (factoring time and inflation) with the level of financial commitment made at Shanghai 2010, albeit with a much stronger level of leveraging to ensure that government agencies (re)orientate policies and strategies to maximise the value of the investment before, during and after Expo 2020.

²⁹ It is anticipated that NZ Story will have a key role in the development and implementation of the design and content of a Pavilion.

participate and negotiating the best location possible for the New Zealand Pavilion

- c. Selecting and appointing assistance to complete the Detailed Business Case
- d. Issuing an Expression of Interest (EOI) and Request for Proposal (RFP) for Pavilion Design, Concept and Content

48 The Task Force will report again to Cabinet in September 2017 with recommendations:

- a. On the physical and budgetary parameters of New Zealand's participation
- b. For the ongoing governance, and management structure
- c. On project delivery by NZTE
- d. For key performance indicators for both the project and stakeholder agencies

49 The Theme Statement, Detailed Business Case, and design and concept development will entail expenditure in the 2016/17 financial year, which will be managed within MFAT baseline budgets.

Consultation

50 MFAT and NZTE agree with the recommendation to invite the Minister to submit a Budget bid for \$53.24 million for consideration as part of the Budget 2017 process, which, if successful, would enable New Zealand to participate in Expo 2020.

51 The following additional agencies have been consulted in the preparation of this paper: MBIE (Task Force member), the Treasury (Task Force member), MCH, MPI, TPK, ENZ, Callaghan, and TNZ.

52 Level of Private Sector support:

- a. The Project Director has consulted with a range of New Zealand companies regarding the level of interest in a New Zealand pavilion at Expo 2020.³⁰ They have noted that Expo 2020 is different from previous Expos in terms of theme, location, number of international visitors, and volume of exports and re-exports. There is keen interest from the private sector in New Zealand participation, provided there is a BGA focus beyond tourism.
- b. Contemporaneously with Expo, Dubai will also host its annual trade shows (many of which are some of the largest) including in Aviation,

³⁰ This has included meetings with 26 companies active or targeting the GCC and IMEA, ATEED, the business councils, Business New Zealand and Export New Zealand.

Construction, Health, Security, and Food & Beverage. New Zealand businesses already participate in these trade shows, often with support from NZTE. Properly integrated, these trade shows will provide a natural synergy with Expo 2020.

- c. For these reasons, the private sector has indicated it supports the case for Government involvement. Based on experience of previous Expos, and recent consultation, however, such interest is unlikely to reach levels that would significantly contribute to constructing a pavilion; but will defray operating expenses. Contributions from the private sector may be enhanced by leveraging contacts with New Zealand firms exporting to and/or operating in the UAE who will be approached to participate, for sponsorship support, or alternatively be contracted in aspects of pavilion design, construction and operations.
- d. Further discussions will be held with those companies that have already indicated a wish to be involved to establish the basis of their possible engagement in the New Zealand pavilion, along with approaches to other possible sponsors. It is noted that previous Expos have secured no more than 2-3% sponsorship, which is not dissimilar to the experience in Australia and the Netherlands.

53 The Ministers of Foreign Affairs and Trade indicate that consultation is not required with the government caucuses or other parties represented in parliament.

Financial implications

54 This paper has no financial implications as funding will be sought through the Budget process, however participation in Expo 2020 will require a significant public sector investment.

55 The total project investment required over a five year period to participate with a modest sized pavilion is estimated at \$53.24 million, comprising:

- a. Operating expenditure of pavilion design, build and dismantle as well as the various operating contracts – \$48.24 million.
- b. Operating expenditure attributable to leveraging activities by relevant government agencies in the lead up to, during and after Expo 2020 – \$5 million (plus \$5 million re-purposed funding from existing agency baseline funding).

56 The total amount of new funding required is \$53.24 million with an additional \$5 million expected to come from a reprioritisation of existing expenditure across different stakeholder agencies.

57 The Detailed Business Case will set out a comprehensive budget.

Treasury Comment

58 The Treasury has been engaged throughout this process. We are satisfied that MFAT have followed an appropriate process to develop this case, however the costs and benefits have required some bespoke modelling which is hard to benchmark. We will reserve our assessment of the merits of this initiative until the business case is submitted and can be considered against other priorities in the budget process. This will also allow Investment Ministers to take into account the findings of the Investment Panel.

Human rights

59 There are no inconsistencies with the Human Rights Act 1993 or the New Zealand Bill of Rights Act 1990.

Legislative implications

60 There are no legislative implications.

Regulatory impact analysis

61 Neither an RIS nor BCCS is required.

Publicity

62 Subject to Cabinet approval through the Budget process, a public announcement that New Zealand will participate may be made in the ordinary course of Budget announcements. This does not preclude an early acceptance of the UAE invitation, if and when a decision is reached in the Budget process, and negotiations with Expo 2020 on Theme statement and site allocation, as these communications are held in confidence until the participating country agrees to make an announcement.

Recommendations

63 The Minister of Foreign Affairs recommends that the Committee:

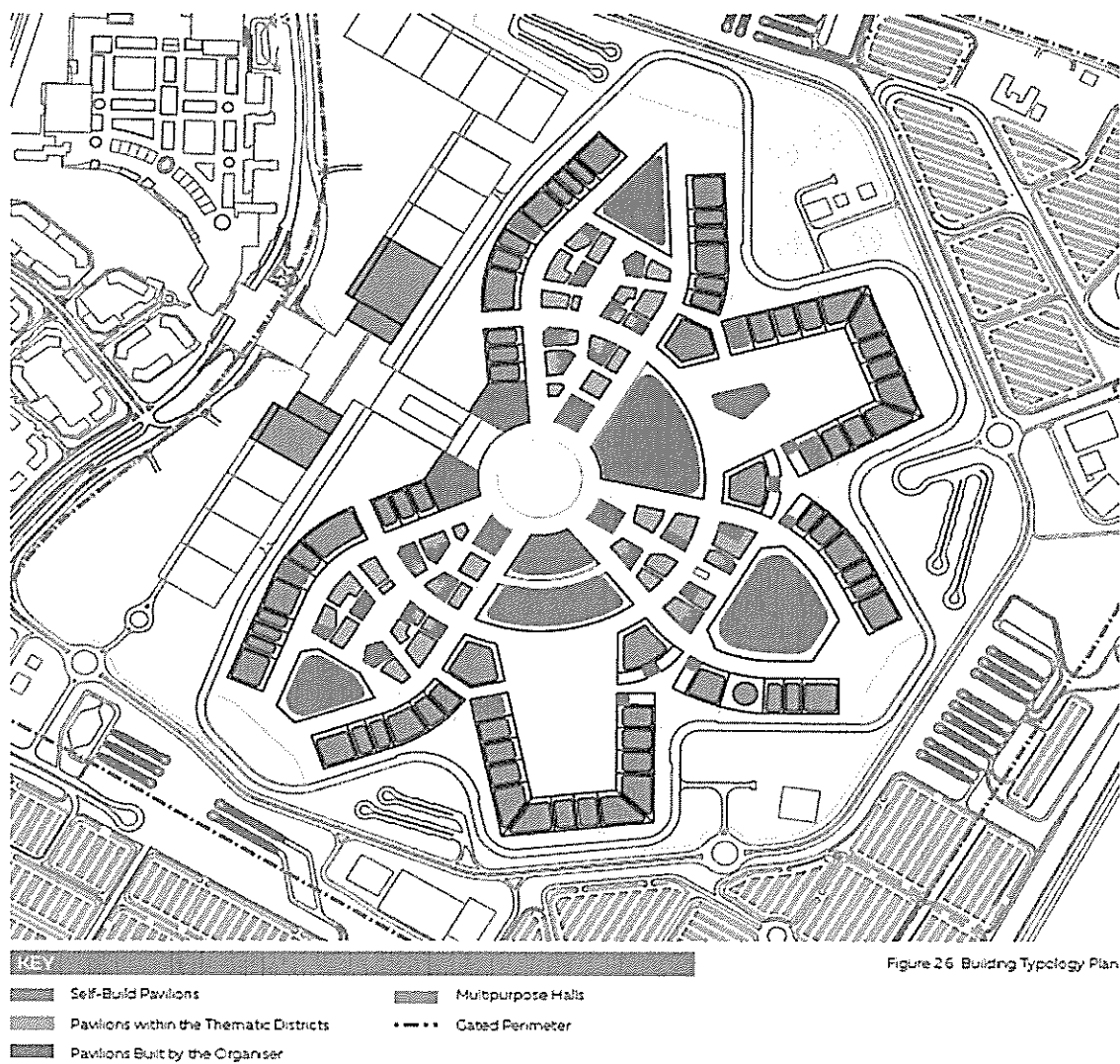
1. **Note** that New Zealand has been formally invited by the United Arab Emirates (UAE) to participate in Expo 2020.
2. **Note** that the UAE has a strong strategic interest in securing New Zealand's participation in Expo 2020.
3. **Note** the significance of the UAE as a trading partner and critical logistics and transport hub for New Zealand exporters to the UAE, the wider GCC, India, the African continent, Europe and Central Asia.

- 4 **Note** that the independent Indicative Business Case assesses the benefits of participation in Expo 2020 to outweigh any potential risks, and MFAT and NZTE Officials recommend that New Zealand participate.
- 5 **Agree** that, in order to maximise the benefits of participation, the theme of New Zealand's participation in Expo 2020 would need to focus on, and advance, the Government's Business Growth Agenda.
- 6 **Note** that the Indicative Business Case concludes the likely cost of a modest pavilion at Expo 2020 will be in the order of \$48.24 million plus \$5 million for leveraging spread over five years (\$53.24 million in total).
- 7 **Note** that stakeholder agencies would also need to contribute an estimated \$5 million from existing funding to leverage participation.
- 8 **Invite** the Minister of Foreign Affairs to submit a Budget bid for \$53.24 million for consideration as part of the Budget 2017 process, which, if successful, would enable New Zealand to participate in Expo 2020.
- 9 **Note** the opportunity to make an early announcement of New Zealand's participation, and secure a prime position.
- 10 **Agree** that a positive reply to the UAE, with completed Theme Statement, should be delivered at the earliest possible time in the Budget cycle, if the bid is successful, to secure a premium location and provide logistic and political advantage.
- 11 **Note** that following market assessment of design, concept and content for a modest pavilion, a Detailed Business Case will be completed in September 2017, including specific government agency Key Performance Indicators (KPIs), and the suggested management structure to oversee design, construction, and implementation.

Hon Murray McCully

Minister of Foreign Affairs

Appendix 1: Concept Design of the World Expo 2020 Dubai site



Appendix 2: Investment Objectives and their relationship to existing arrangements and future state

Investment Objectives	Existing Arrangements	Future State
1. Increase the total value of exports for the New Zealand economy	<p>\$60b as at 2012 when the target was set.</p> <p>In 2015, NZ exports were \$67.5b (28.3% of NZ GDP).</p>	<p>Target of \$120b by 2025.</p> <p>To achieve this objective, NZ must pursue new markets, new products and move up the value chain in existing sectors (as well as development of sectors of strength).</p>
2. Increase the diversity of exports to global audiences by diversifying high value sectors	<p>NZ exports are heavily dependent on the following two sectors:</p> <ul style="list-style-type: none"> • Agriculture: \$12b (18% of total exports) • Tourism: \$11.7b (17% of total exports) 	<p>Diversify exports in sectors in addition to agriculture and tourism, which align with 'Building Export Markets' a key ingredient of Business Growth Agenda. Focus sectors include:</p> <ul style="list-style-type: none"> • ICT/Digital • International Education • Medium-high & High Tech manufacturing • Healthcare
3. Increase the levels of trade and investment between New Zealand and the GCC, Middle East, Africa, and Central and South Asia regions	<p>For the year ending September 2015, NZ goods and services exports to the GCC totalled NZ\$2b and total bilateral trade between the GCC and NZ totalled NZ\$4.1b.</p> <p>Goods trade with Africa totalled NZ\$2.28b in 2015, and with India, totalled NZ\$1.2b.</p> <p>The total 2014 GCC investment in NZ was NZ\$150m; the UAE accounted for NZ\$110m, followed by Saudi Arabia and Qatar. NZ total investment in the GCC was NZ\$20m in 2014.</p> <p>The official statistics on bilateral investment flows with the UAE do not provide an accurate picture of the bilateral investment landscape. The UAE does not feature on global NZ investment statistics. However, there are well known cases of high value UAE investment in NZ, including by UAE Sovereign Wealth Funds.</p>	<p>The goal is to significantly grow both trade and investment with the GCC – as well as increase our trading profile with emerging markets in Africa and Central and Southern Asia.</p> <p>There are a number of sectors in which NZ has a strategic advantage and the UAE has signalled interest. These include; Primary Sector where talks are ongoing with regards to a food securities fund, Healthcare, Education and ICT/Digital.</p> <p>Infrastructure projects, specifically investment within the Tourism infrastructure space (hotels) are also showing early signs of interest with some large developers and owner/operators signalling early interest</p>
4. Maintain and increase bilateral engagements on trade and non-trade issues between New Zealand and the MENA region	<p>New Zealand signed a Double Taxation Agreement with the UAE in 2003, the first with any country in the Middle East. This followed the start of Emirates Airlines operations into NZ. In 2014, 92.5% of NZ's trade faced a tariff when entering the GCC s9(2)(j)</p> <p>Current agreements and arrangements NZ has with the UAE includes:</p> <ul style="list-style-type: none"> - Double Taxation Agreement - Air Services Agreement - Convention on the Creation of an International Office of Weights & Measures - Arrangement on educational cooperation - Arrangement to establish a Joint Committee on Foreign Affairs - Arrangement on Trade and Economic Cooperation 	<p>Reduce or eliminate barriers to market entry for investment, including equity limits, sectoral limitations and national agent requirements.</p> <p>Target to have the GCC-NZ FTA implemented and generating benefits: s9(2)(j)</p>

Investment Objectives	Existing Arrangements	Future State
5. Raise New Zealand's profile amongst new trading partners and broaden understanding of capabilities amongst all partners	<p>NZ currently has a total of 224 trading partners as per the export trade transactions in 2015.</p> <p>New Zealand also has a small but growing presence in the region for 'non-primary sector' exports and investments – F+P Healthcare, Orion and Airways for example.</p>	<p>Aim to gain new trading partners to the extent it is practicable and to increase levels of trade with partners where we have relatively light levels of trade. For example, countries and regions with modest trade relationship with NZ such as Iran, Central and South Asia, North, West, and East Africa.</p> <p>Raising the profile of NZ's capabilities beyond primary sector exports will help in this respect. Particularly given the central location of Dubai combined with the expected number and nature of international visitors and tourists.</p>

Appendix 3: Benefits from attendance at Expo 2020

Main Benefits	Description
Benefit 1: Economic benefits derived from increased inbound investment	<p>Historically, New Zealand has not been a priority for GCC targeted investment. With the GCC being home to some of the world's largest sovereign wealth funds, there is opportunity for this to change.</p> <p>Participation in Expo 2020 will provide opportunities for increased investment collaboration that not only provides for capital inflows into New Zealand but skills and technology transfers to the GCC.</p> <p>Involvement can also encourage the extension of existing infrastructure investment opportunities (e.g. Hotel investment will materially benefit the tourism market and help fill the 'critical shortage of hotels', which aligns with Project Palace).</p>
Benefit 2: Economic benefits derived from increased inbound international students.	<p>The GCC currently represents an average of 5,500 students per year. The opportunity to showcase New Zealand as an attractive destination, with strong tertiary institutions (all eight sit among the top 600), would increase the likelihood of students from the GCC coming to New Zealand. The GCC investment in education also presents a significant opportunity to export curricula, systems, qualifications frameworks, schools and universities.</p>
Benefit 3: Economic benefits derived from increased tourism	<p>About 11,000 inbound tourists from the GCC travel to New Zealand every year. The opportunity to showcase New Zealand as an attractive destination would increase the likelihood of tourists from the GCC coming to New Zealand; as would targeting the high volume of UK, German and Indian visitors expected to attend.</p>
Benefit 4: Economic benefits derived from increased exports of existing products to existing markets.	<p>New Zealand currently exports NZ\$2 billion to the GCC.</p> <p>Expo 2020 provides an opportunity for New Zealand businesses to continue to demonstrate competitiveness in existing markets, and increase the volume and proportion of exports to these markets.</p>
Benefit 5: Economic benefits derived from increased exports to new markets.	<p>Expo 2020 themes (and securing a good site), allows New Zealand an opportunity to challenge traditional perceptions of our sectoral strengths in a compelling and integrated way.</p> <p>The development of a successful leveraging programme (including prioritizing strategic business/trade opportunities and undertaking targeted relationship building) can assist New Zealand expand key African, Central and South Asian market opportunities.</p> <p>Expo 2020 is expecting a heavy presence from many new target markets for New Zealand, especially in the Middle East/North Africa region. Unlike Shanghai (where the majority of visitors were domestic), Expo 2020 forecasts 75% of the 25 million visitors will be international. Expo 2020 provides an opportunity to focus on these markets with the Expo itself a catalyst (but not solely responsible) for developing these relationships.</p>

<p>Benefit 6: Securing additional international flights into New Zealand.</p> <p>Securing increased flights would have major benefits for international connectivity, destination marketing and price competition.</p> <p>s9(2)(ba)</p> <p>Attendance at Expo 2020 would both showcase the attractiveness of New Zealand as a destination as well as raise the profile existing, new and emerging export trade volumes – all of which would help build the case for further investment by airlines in New Zealand.</p> <p>The timing of Expo 2020 also coincides with the expected completion date of the proposed Wellington runway extension. There is commercial sense in aligning these mutual incentives.</p>	<p>Benefit 7: Improved international relations with the UAE and other Gulf countries.</p> <p>There is strong precedent for the importance of growing political and personal relationships in the GCC. Strong relations with the region can ultimately lead to a range of political and economic objectives (such as greater bilateral trade and investment).</p>
<p>Benefit 8: Improve opportunities to tell the New Zealand Story</p>	<p>Fundamentally, attendance at Expo 2020 enables 'the New Zealand Story' to be told on a global stage in a way that would be difficult to replicate beyond an event of this scale and magnitude.</p>
<p>Benefit 9: Improved business connections</p>	<p>Experience from Shanghai Expo 2010 showed that there are considerable opportunities for business connections to grow from attendance at such events. This then facilitates trade and investment growth.</p>
<p>Benefit 10: Access to the Dubai Innovation Fund</p>	<p>Expo 2020 Includes an Innovation Fund, which provides grants to selected participants to attend the event and showcase their business offerings. There is a potential benefit for New Zealand business to receive this funding – which would represent a direct benefit to successful New Zealand business providing that there are no adverse terms and conditions.</p>

Appendix 4: Benefits at risk from non-attendance at Expo 2020

Benefits at risk	Description	Limitations and dependencies
Benefit 11: Reduction in economic benefits derived from inbound investment.	<p>Total 2014 GCC investment in New Zealand was NZ\$150 million with the UAE accounting for NZ\$110 million.</p> <p>A decision not to attend Expo 2020 might jeopardise future levels of investment between the GCC and New Zealand and in particular between the UAE and New Zealand (given it is hosting Expo 2020).</p>	<p>The benefits of inbound FDI to NZ Inc. centres on the effects that it has on the economy (soaking up spare capacity, improving labour and capital productivity, as well as resulting in a higher net sale price for assets). Understanding these specific linkages and dependencies is difficult to determine in aggregate.</p>
Benefit 12: Reduction in economic benefits derived from exports of existing products to existing markets.	<p>For the year ending September 2015, New Zealand goods and services exports to the GCC totalled NZ\$2 billion and total bilateral trade between the GCC and New Zealand totalled NZ\$4.1 billion. A decision not to participate in Expo 2020 might jeopardise the future levels of export activity between the GCC and New Zealand and in particular between the UAE and New Zealand (given it is hosting Expo 2020).</p>	<p>Any inbound FDI forgone (from the GCC) might be picked up by inbound FDI from other sources and marginal differences.</p>
Benefit 13: Securing existing international flights into New Zealand.	<p>Dubai – Auckland, and connecting routes from Christchurch, Wellington (via Qantas) and Auckland via Australia, are an important route for tourists and New Zealanders travelling. Notably, there are more flights from Auckland to Dubai than Auckland to any other city in the world (bar Australian cities).</p>	<p>s9(2)(j)</p>
	<p>Currently there are five A380 flights from Emirates to New Zealand – estimated to be worth \$700m to the New Zealand economy and leading to increased competition on the Trans-Tasman leg for passengers, with subsequent benefits of overall lower fares and extra capacity and choice.</p>	<p>s6(a)</p>

<div>s9(2)(j)</div>	<div>The GCC-NZ FTA concluded in 2009. There is now momentum to complete FTA process</div>	<div>s9(2)(j)</div>
<div>GCC-NZ FTA</div>		
<div>s9(2)(j)</div>	<div>s9(2)(j)</div>	
<div>NZ FTA</div>	<div>GCC- s9(2)(j)</div>	
<div>s9(2)(j)</div>	<div>The completion of the FTA could be expected to lead to increased competitiveness of New Zealand exports and services in the region – and hence greater export receipts.</div>	<div>s9(2)(j)</div>
<div>NZ FTA</div>	<div>s9(2)(j)</div>	

Appendix 5: Long List of Options

Option Name	Brief description
Option 1: Do Nothing (Do not participate in the Expo 2020)	<p>This option represents a scenario where New Zealand does not participate in Expo 2020 and continues to pursue existing policies initiatives and programmes to build and further develop commercial international relationships with the UAE, and across the MENA region. Currently investment for MFAT and NZTE in the GCC is estimated to be around \$12.5m per annum.</p> <p>The Do Nothing Option does not incur any additional direct costs, nor does it create any unique benefits. However it does carry with it a higher risk that there will be a reduction in many of the existing benefits that New Zealand currently enjoys (or could be expected to enjoy).</p>
Option 2: Do not attend Expo 2020, but apply mitigation strategy	<p>This option may help mitigate the potential political and commercial risks of non-attendance. It would take the form of enhanced resourcing in the existing NZ Inc network in the region– with specific diplomatic activities directed at protecting bilateral trade and investment between GCC countries and New Zealand in the first instance.</p> <p>Importantly, a decision to further resource the NZ Inc Consulate and Embassy presence in the region to overcome short term political risk would likely commit New Zealand to long-term operating costs.³¹ Staff responsible for additional Consulate/Embassy activity would also need a clear mandate and strategy and would need to be supported and developed domestically.</p> <p>This option would create a higher unique cost than the do nothing option, and could be expected to have a lower, albeit still present (and potentially even higher), risk of the reduction in many of the existing benefits that New Zealand currently enjoys (or could be expected to enjoy).</p>
Option 3: Pooled Pacific nations exhibition (minimal participation)	<p>This option represents minimal investment by the New Zealand government and requires a formal request to the UAE government to fund and build a small position in the Pacific Pavilion along with other Pacific Nations such as Tonga, Fiji, Samoa and Kiribati. Based on the 2010 Shanghai Expo, the total area provided would be approximately 600 m² and would be a basic stand within a large building, with limited facilities.</p> <p>Generally, this option would not progress our relationship with the GCC – but may push it backwards in a minor way, as it would be a considerably reduced level of involvement than currently anticipated by the Expo organisers. Therefore, the benefits and costs would be expected to be minimal.</p> <p>In previous years, this option has been allowed by Expo organisers; however Expo 2020 officials have indicated this is not an option except for preselected countries of which New Zealand is not one. It has been excluded from all further analysis.</p>
Option 4: Attend Expo, small-sized pavilion	<p>This option represents the minimalist independent approach that the New Zealand government can undertake to participate in Expo 2020. The smallest plot size available at the Expo 2020 will be 1,550 m² allowing for a maximum build area of 1,085 m². This is a relatively small pavilion that provides limited opportunity to undertake additional activities such as entertainment, in-house catering, cultural activities and a dedicated business development area. Countries that had a pavilion of around 1000 sq. meters at the 2010 Shanghai Expo included Peru, Serbia and Brunei.</p> <p>Generally, this option would not progress our relationship with the GCC – but it would not push it backwards. Therefore, the benefits would be expected to be minimal, although some costs arising from construction and operational costs would be expected that would be unlikely to be affordable within baselines.</p>

³¹ s6(a)

Option Name	Brief description
Option 5: Attend Expo, modest-sized pavilion	<p>The option considers an option that enables the New Zealand pavilion to accommodate significant facilitation of in-house catering, business development areas and the ability to demonstrate a number of different characteristics of the country's economy. The tailored size pavilion will be around 2,000 m². Countries that had pavilions at the 2010 Shanghai Expo of around 2,000 - 3,000 sq. meters size included Ireland, Sweden, Israel, Romania, New Zealand, Turkey, the Philippines, Hong Kong, and Pakistan.</p> <p>Generally, this option would be the minimum level of involvement to progress our relationship with the GCC. It would also enable New Zealand to adequately showcase new industries and allow existing industries to break into new markets. Therefore, the benefits and costs would be expected to be moderate.</p> <p>Crucially, this option would not be expected to raise the risk of us losing existing benefits that currently accrue to New Zealand.</p>
Option 6: Attend Expo, mid-sized pavilion	<p>This option considers a mid-sized multi-storey pavilion in excess of 4,000 – 6,000 m², capable of demonstrating a large number of themes throughout the expo in the in-house catering, entertainment and business development areas. Countries that presented pavilions in excess of 4,000 - 6,000 sq. meters at the 2010 Shanghai Expo included Australia, India, Mexico, Indonesia and Korea.</p> <p>Generally, this option would progress our relationship with the GCC. It would also enable New Zealand to adequately showcase new industries and allow existing industries to break into new markets – but not to a material degree beyond a modest-sized site. Therefore, the benefits would be expected to be moderate but the costs could be high.</p> <p>Crucially, this option would not be expected to raise the risk of us losing existing benefits that currently accrue to New Zealand.</p>
Option 7: Attend Expo, G20 country size pavilion	<p>This option defines a pavilion equivalent to the size of most G20 nations based on the previous exhibitions. +The pavilions can be between 6,000 – 8,000 m². <i>Based on the 2010 Shanghai Expo this requires a pavilion in excess of 6,000 sq. meters up to 8,000 sq. meters.</i></p> <p>Generally, this option would progress our relationship with the GCC. It would also enable New Zealand to adequately showcase new industries and allow existing industries to break into new markets – but not to a material degree beyond a modest-sized site. Therefore, the benefits would be expected to be moderate but the costs could be very high.</p> <p>Crucially, this option would not be expected to raise the risk of us losing existing benefits that currently accrue to New Zealand.</p>

Appendix 6: Assessment of Long List of Options against Investment Objectives

Indicator

Explanation

Does not meet the investment objective

Partially meets the investment objective

Meets the investment objective

Exceeds the investment objective

Long List of Options	Option 1 Do Nothing (Do not participate in Expo 2020)	Option 2: Do not attend Expo 2020, but apply mitigation strategy	Option 4 Attend Expo, small-sized pavilion	Option 5 Attend Expo, modest-sized pavilion	Option 6 Attend Expo, mid-sized pavilion	Option 7 Attend Expo, G20 country size pavilion
Investment Objectives						
1. Increase the total value of exports for the New Zealand economy	Does not meet	Meets	Partially meets	Meets	Meets	Meets
2. Increase the diversity of exports to global audiences by further building into other high value sectors than agriculture and tourism	Does not meet	Meets	Partially meets	Meets	Meets	Meets
3. Increase the levels of trade and investment between NZ and the MENA region	Does not meet	Meets	Partially meets	Meets	Meets	Meets
4. Maintain and increase bilateral engagements on trade and non-trade issues between NZ and the MENA region	Does not meet	Does not meet	Partially meets	Meets	Meets	Meets
5. Raise NZ's profile amongst new trading partners and broaden understanding of capabilities amongst all partners	Does not meet	Meets	Meets	Exceeds	Exceeds	Exceeds
Summary	Does not meet	Does not meet	Partially meets	Meets	Meets	Meets

Assessment of Long List of Options against Critical Success Factors³²

Score	Interpretation	Score	Interpretation
-2	Very Poor	1	Good
-1	Poor	2	Excellent
0	Average		

Critical Success Factors	Weighting	Option 1	Option 2	Option 4	Option 5	Option 6	Option 7
Effectiveness	25	-2	1	0	1	1	1
Bilateral relationships	25	-2	-2	1	1	1	1
Affordability	20	2	-1	-1	-1	-1	-2
Commerciality	10	0	1	1	1	1	1
Achievability	10	2	2	2	2	1	0
Flexibility	10	1	0	1	1	1	1
Total – unweighted		1	1	4	5	4	2
Total – weighted		-1.5	-0.75	2.25	3.5	3	1.5
Ranking (weighted)		7	5	3	1	2	4
Summary		Proceed to short list	Do not proceed	Proceed to short list	Proceed to short list	Proceed to short list	Do not proceed

³² Note that Option Three has not progressed to this assessment because it is not permitted by Expo 2020 organisers.

Appendix 7: Cost Benefit Analysis of Short-List Options

Monetised costs and benefits NPV (\$m)		Option 1 Do Nothing	Option 4 Attend Expo 2020, small-sized pavilion	Option 5 Attend Expo, modest pavilion	Option 6 Attend Expo, mid- sized pavilion
Costs	Personnel	N/A	3.78	4.72	7.08
	Travel	N/A	2.77	3.47	5.20
	Professional and outsourced	N/A	0.87	1.09	1.64
	Business Development	N/A	0.02	0.03	0.04
	Marketing	N/A	0.68	0.85	1.27
	ICT	N/A	1.02	1.28	1.92
	Insurance	N/A	0.13	0.16	0.24
	Other	N/A	0.77	0.97	1.45
	Contingency	N/A	2.01	2.51	3.77
	Foreign Exchange contingency	N/A	0.64	0.79	1.19
	Expo Project Management costs	N/A	12.70	15.88	23.81
	Occupancy costs	N/A	14.13	21.47	38.50
	Contingency	N/A	2.90	4.40	7.89
	Leveraging costs	N/A	8.16	8.16	8.16
	Pavilion design, build and manage costs	N/A	25.19	34.03	54.55
Benefits	Additional Regional footprint costs	N/A	N/A	N/A	N/A
	Regional footprint costs	N/A	N/A	N/A	N/A
	Total costs	0	37.89	49.91	78.36
	Benefit 1: Economic benefits derived from increased inbound investment	N/A	1.93	2.42	2.42
Benefits	Benefit 2: Economic benefits derived from increased inbound international students	N/A	1.36	2.27	2.27

Benefit 3: Economic benefits derived from increased inbound tourists

Benefit 4: Economic benefits derived from increased exports of existing exports to existing markets

Benefit 6: Securitisation of additional international flights into New Zealand

Benefit 10: Innovation Fund

Benefit at risk 11: Reduction in economic benefits derived from inbound investment

Benefit at risk 12: Reduction economic benefits derived from exports of existing products to existing markets.

Benefit 11: Securitisation of existing international flights into New Zealand

\$9(2)(j)

Total Benefits

Net Monetised Benefit (Cost)

Monetised BCR

Ranking (based on BCR – higher the better)

N/A	0.32	0.64	0.64
N/A	13.95	20.93	20.93
0.00	1.60	6.41	6.41
0.00	1.46	1.46	1.46
(5.99)	N/A	N/A	N/A
(24.59)	N/A	N/A	N/A
(91.36)	N/A	0.00	0.00
(0.33)	N/A	0.00	0.00
(65.11)	N/A	0.00	0.00
(37.09)	N/A	0.00	0.00
(224.47)	20.63	34.12	34.12
(224.47)	(17.26)	(15.78)	(44.24)
-	0.54	0.68	0.44
4	2	1	3

The qualitative assessment of the short-list options has been undertaken using the following indicators:

Score	Interpretation	Score	Interpretation
-2	Negative benefits likely	1	Positive benefits possible
-1	Negative benefits possible	2	Positive benefits likely
0	No additional benefits expected		

Qualitative benefits of the Short List Options:

Benefits	Qualitative costs and benefits	Option 1 Do Nothing – Not participating in the Expo 2020	Option 4 Attend Expo 2020, small-sized pavilion	Option 5 Attend Expo 2020, Modest-sized pavilion	Option 6 Attend Expo 2020, Mid-sized pavilion
	Benefit 5: Economic benefits derived from increased exports of products to new markets.	Negative benefits possible	Positive benefits possible	Positive benefits likely	Positive benefits likely
	Benefit 7: Improved international relations with the UAE and other Gulf countries.	Negative benefits likely	Positive benefits possible	Positive benefits likely	Positive benefits likely
	Benefit 8: Improve opportunities to tell the New Zealand Story	No additional benefits expected	Positive benefits possible	Positive benefits likely	Positive benefits likely
	Benefit 9: Improved business connections	Negative benefits likely	Positive benefits possible	Positive benefits likely	Positive benefits likely
Summary		Negative Benefits Possible	Positive Benefits Possible	Positive Benefits Likely	Positive Benefits Likely

