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WHY TAX INTERNATIONAL ATHLETE MIGRATION?The

‘Coubertoin’ tax in a context of financial crisis

Wladimir Andreff

International athlete migration is not a new economic fact. English football spread to France in the late XIXth century simply British players moved to Paris and created a football club there, the so-called Racing Club. As early as in the 1950s, the Argentine football player Di Stefano, the Hungarian Puskas and the French Kopa were playing together in the Real Madrid squad..More recently, the growth of international athlete migration has increased significantly in the past fifteen years due to economic globalization and a change in regulation of European professional sports (Andreff, 2006a).

Globalisation has affected the sports economy in its various dimensions (Andreff, 2008). The global market for all sporting goods and services, in 2004, was assessed to be in the range of Euro 550-600billion. The global market for football is valued at Euro 250 billion. The market for all sporting goods is valued at about Euro 150 billion. The value of broadcasting rights related to sport events is estimated at Euro 60 billion while the global market for sports sponsorship is nearly Euro 18 billion. In 2006, the global market for doping was assessed at Euro 6 billion. Even if these figures are not exact , the trend towards globalization of sport business is crystal clear. By the same token, the market for high-level sporting talents has also globalized. It is a labour market in which professional players and other highly talented athletes are internationally transferred – from a club in one country to a club located abroad. International transfers of football players skyrocketed in this global labour market since it was entirely de-regulated in 1995. Then, this deregulation has affected international labour market

in other professional sports and, finally, in all high level sport. Football recently has become the most investigated global market in the sports economy, giving rise to serious concerns with regards to transfer of teenage players below the age of 18. In the face of a teenage trade sometimes compared to trafficking of human beings or even new (international) slavery, some recipes have been suggested to supervise and regulate international athlete migration, including the design of a specific taxation. In the new context of financial crisis and global economic recession it is as yet unclear if this is likely to put a brake on such migration or to boost it.

The chapter is structured as follows. First, some empirical evidence is provided as regards to the magnitude of international athlete migration, including the international transfer of teenage athletes or players. Then, the focus is on the economic determinants of such migration and some of its outcomes. A model of international player transfer taxation more specifically geared towards hindering teenage transfers is elaborated on, which strengths and weaknesses are compared to former and existing (FIFA) regulation in football. Did the whole picture change with the emergence of current financial and economic crisis? Since the latter is not over and an economic analysis of its consequences is not stabilised yet, only some hints about its impact on international athlete migration will be sketched in the conclusion.

Empirical evidence of international athlete migration

The First significant international player transfers in football can be traced us to the 1950s. In the same decade, an outflow of baseball players from the Dominican Republic towards North American baseball leagues started to becomemore significant . However, it is globalisation of the labour market for talents which has really boosted athlete international migration, sometimes coined a “feet drain” or, better, a “muscle drain” (Andreff, 2001) by analogy with

the long lasting brain drain in the global economy. Such globalisation was triggered by the Bosman case (1995) in football. A similar jurisprudence was extended to different sports and citizens of Central Eastern Europe and CIS countries by Malaja, Kolpak and Simutenkov cases (Andreff, 2006b). Then, in 2000, a Cotonou agreement signed by the European Union with 77 African, Caribbean and Pacific countries allowed athlete transfers from the latter area under the qualification of “assimilated Europeans”, which means under the same conditions as those players who could claim benefiting from Bosman, Malaja, Kolpak and Simutenkov jurisprudences. The outcome is a global labour market for player talents.

After 1995, the international mobility of football players grew and the percentage of foreign players in European football leagues was on average more than twice higher in 2008 compared with 1996. In particular, an increasing percentage shows up in the five major European football leagues. According to data collected by Loïc Ravenel and Raffaele Poli (Table 1) regarding the five major European football leagues, 38.7% of all players involved in 2006 were foreign, that is 277 players of which 50.2% had migrated from other European countries. We basically witness a North-North international migration in European football. English Premier League is the most internationalised labour market in European football. Such evidence has triggered the publication of the *Meltdown Report, 2007* in the U.K., in December 2007, that is a report attempting to understand why the English national squad had not been able to qualify for the Euro 2008 final stage. The major reason put forward is that, in 2007-08, only 196 players in operation in the English Premier championship were *not* foreign while foreigners originated from 66 different countries. This was compared with 23 foreigners playing in the Premier League when it was created in 1992.

Table 1: Share of foreign players in professional football, pre- and post-Bosman (%)

1st division championship	1995	1996	1999	2005	2006
---------------------------	------	------	------	------	------

England	34	34	37	56	55
France	18	18	22	36	36
Germany	19	27	39	50	41
Italy	14	17	33	31	31
Spain	20	29	40	28	32

Source: CIES data base (R. Poli).

Table 2 provides a snapshot of the global market for football players with regards to the thirty major exporting (home) and thirty major importing (host) countries. It is to be noticed that major European leagues are both exporting and importing, which means that two way trans-border flows are a characteristics of international athlete migration across major developed market economies. The only dividing line among European countries is that some countries are net importers of foreign players (England, Greece, Germany, Italy, Spain) whereas some others are net exporters (France, Belgium, Portugal, Denmark).

Table 2: Migrant football players in 2008: thirty major leagues

Home country league	Number of migrant football players	Host country league	Average number of foreign players per club
Brasil	551	England	15,6
France	233	Greece	13,3
Argentina	222	Portugal	13,2
Serbia	192	Russia	12,9
Portugal	121	Germany	12,8

Czech Republic	113	Switzerland	11,5
Croatia	109	Belgium	11,5
Nigeria	94	Italy	10,4
Sweden	94	Scotland	10,2
Germany	92	Turkey	9,5
Bosnia Herzegovina	91	Spain	9,2
Cameroon	87	Romania	9
Slovakia	76	Ukraine	8,8
Uruguay	71	Norway	8,7
England	70	Austria	8,5
Netherlands	66	Netherlands	8,4
Belgium	64	France	8,3
Spain	62	Denmark	7,8
Denmark	60	Slovakia	6,5
Ivory Coast	59	Bulgaria	6,4
Poland	59	Sweden	6,4
Switzerland	49	Hungary	5,9
Finland	46	Ireland	5,5
Austria	45	Poland	4,9
Senegal	45	Slovenia	4,9
Ghana	44	Finland	4,6
Romania	44	Croatia	3,9
Ireland	41	Island	3,8
Macedonia	41	Czech Republic	3,6
USA	38	Serbia	2,7

Source: CIES data base (R. Poli).

On the other hand, outside Western Europe, some countries appear to be net exporters, first of all Brasil, Argentina and Serbia, but also the Czech Republic, Croatia, Nigeria, Bosnia & Herzegovina, Cameroon, Slovakia, Uruguay, Ivory Coast, Senegal, Ghana and Macedonia, *i.e.* in a nutshell Latin American, Central Eastern European and African countries. Thus, South-North athlete mobility is a crucial facet of international athlete migration, even more so than North-North player transfers. Nearly half of foreign players operating in the five major European football leagues are originating from developing countries. The percentage is even higher if we look at second rank leagues like Belgium or Portugal and second and third division clubs of the big five European football countries. For example, in the French professional football league (*Ligue du Football Professionnel*), 50% of foreign players are from African countries. Southern (and Eastern European) countries usually are net exporters and Northern countries are net importers in player trade with the South (and Eastern Europe). France is a typical case in point: 13 out of 45 foreign players who entered the French *Ligue 1* in 2007-2008 were from developing countries while 3 out of 54 players who moved abroad have left for a developing country. The balance is a net import of 10 players from developing countries. Seen from the South, a similar orientation is witnessed. From 1989 to 1997, over 2,000 Brazilian players migrated to European football clubs, and they were still 654 to move in 2002 up to 857 in 2004 (Table 3). Their major host country is Portugal, then other European countries. Hundreds of African and other Latin American football players are transferred to European clubs every year.

Table 3: Transfers of Brazilian players abroad

	2002	2003	2004

Total	654		787		857	
Moving to:	Nb	%	Nb	%	Nb	%
Europe	365	55.8	454	57.7	435	50.8
Portugal (1st destination)	141	21.6	141	17.9	132	15.4
Asia	94	14.4	128	16.3	169	19.7
South America	80	12.2	71	9.0	95	11.1
Africa	53	8.1	65	8.3	79	9.2
North-Central America	60	9.2	67	8.5	68	7.9
Oceania	2	0.3	2	0.3	11	1.3

The same sort of South-North international athlete migration is observed from developing countries to North America. 1,300 players in the Major and Minor Leagues Baseball are citizens from the Dominican Republic, a number of African and Latin American players operate in the National Basketball Association and Czech and Russian superstar players are often hired by National Hockey League teams.

Since the late 1980s, post-communist transition economies from Central Eastern Europe and the former Soviet Union became significant net exporters of athletes so that they could compare – and indeed compete – with developing countries on the global labour market for sporting talents. For example, from 1990 to 1997, over 600 professional football players, 520 ice hockey players, 300 handball and volley ball players, 100 ice skaters and 20 coaches moved abroad from the former USSR (Andreff & Poupaux, 2007). With economic recovery in Russia, nowadays a reverse flow has emerged of importing foreign players in the most performing Russian clubs, like the 2008 UEFA Cup winner, *i.e.* Zenith St. Petersburg.

Table 4: Geographic distribution of domestic team affiliation, African 2002 World Cup players

Domestic team affiliation	Cameroon	Nigeria	Senegal	S. Africa	Tunisia	Total
Home country	-	2	1	7	14	24
Africa	-	-	1	-	-	1
England	4	4	-	3	-	11
France	7	3	20	-	2	32
Germany	1	-	-	2	1	4
Italy	3	-	-	1	3	7
Spain	4	1	-	-	-	5
Other European	3	11	1	10	3	28
Rest of World	1	2	-	-	-	3
Total	23	23	23	23	23	115

Source: Gerrard (2002).

The other side of the coin is the selection of players enrolled abroad in an increasing number of national squads. During the football World Cup 2006 the overall number of players selected in national squads was 736 out of which 392 (53%) were playing abroad. The 2006 French football squad encompassed 13 players registered abroad. National squads of developing (and transition) countries now comprise of many players whose club affiliations are outside their home domestic league. This is even more clearly exhibited with African national squads participating to the football World Cup final stage (Table 4). For the five African squads that qualified in 2002, only 21% of players were affiliated to their home domestic league. The same observation is made at each football African Cup of Nations. The

extreme case was the Ivory Coast team all the players of which were registered in foreign leagues and clubs.

International teenage player transfers is the most contentious and possibly illegal , international migration business, since FIFA rules adopted in 2001 absolutely forbid transferring from abroad football players below the age of eighteen. Indeed, such transfers emerged in the late 1980s, but importing teenage players from developing countries was boosted by liberalisation and resulting globalisation of the football labour market after 1995. Many clubs increasingly looked for a substitute to more mobile European superstar players in recruiting new young and cheap talents in the Third World.

During the 1990s, 4,809 foreign players, aged from six to sixteen, originating from Latin American and African countries were found in Italian football clubs. In the Netherlands, 33 football clubs had been sued by the immigration office for illicit importation of Latin American and African players. Belgian football clubs were – and still are – utilised as “nursery hubs” for training African players before their transfer to major European leagues. In 2000, 15 young African players lodged a complaint in the Belgian court against professional clubs and players’ agents, complaining “trade and trafficking of human beings”. And eventually they won (Tshimanga Bakadiababu, 2001).

Often spotted by players’ agents at the African Cup of Nations – which is nicknamed the “cattle fair” -, teenage players are invited to be tested in European clubs, and recruited when the test is successful. When it is not, they are abandoned by both clubs and players’ agents without a labour contract and return airplane ticket to their home country. Thus they are left *de facto* in a position of illegal migrant workers and, sometimes, cracked down by the police. Some cases were so much outrageous in France that the French Minister for Sports, Ms. Buffet, ordered a report (Donzel, 1999) which confirmed the existing extremely bad practices of clubs and players’ agents as regards to African teenage players. After a decade of such

devastating teenage transfers, UEFA reacted in 2001 with a new regulation article 19 which stated “international transfer is allowed only if the player is at least eighteen”. However, three exceptions left the door open to regulation being circumvented: teenage transfers were allowed when their parents move abroad for reasons that are not linked to football, when it is a transfer across EU countries, and, when a teenage player is living close to the border of a foreign country. As a consequence, teenage muscle drain has not vanished even though it is clearly illegal. One can still find some cases reported by the press. For example, in 2002, Isa Mohammed (Nigeria) was transferred to a first division Polish nursery club, and his transfer was supposed to develop his international career in a major European football league. Unfortunately, he was injured, excluded from the team and eventually abandoned by the club. A small, though rapidly increasing, share in international migration of sporting talents comes when an athlete or player changes his/her citizenship (naturalisation), which is the most visible and sometimes contentious part of muscle drain. The number of naturalized citizens in national squads competing at Athens Olympics 2004 and Beijing Olympics 2008 was far from negligible (Andreff, 2006b). A forthcoming issue resulting from increasingly numerous naturalisations, which has urgently to be dealt with, is what will be the meaning, status and recognition of national squads in the future. The Qatari strategy of naturalising African and Latin American athletes is of particular concern.

Economic determinants of international athlete migration

Some determinants of international athlete migration are not economic, for instance, when an athlete simply follows his/her parents international relocation for non sport motives or looks for the opportunity of better training conditions abroad or is willing to practice in a country with a better weather and so on. In economic terms and with reference

to North-North international athlete migration, a major determinant is wage differentials across different sports and different developed market economies. If one compares average monthly wages in different sports in a same country, money distribution appears to be very much uneven. In 2007, the average individual wage was €44,000 per year in French football *Ligue 1*, €11,000 in *Ligue 2*, €12,500 in cycling Pro Tour, €7,000 in basketball A (1st division), €6,500 in rugby Top 14, and €1,500 in athletics *Ligue Pro* (about 30 times less than in footballs first league). It is crystal clear that the French labour market for sporting talents is unevenly attractive to migrant athletes depending on the sport discipline. Available data also provides an insight into the impact of wage differentials in the same sport across developed market economies. For instance, average wage in English football Premier League was €145,000 in 2007 (three times higher than in the French league) and €45,500 in second division (four times higher than in French second division). This obviously explains why so many French football players move to English clubs and so few (if any) English players are hired by French clubs.

A comprehensive explanation of wage differentials between English and French football leagues would lead us into an economic theory of professional sports leagues (Andreff, 2009a) and variants of league regulation in European football (Andreff & Bourg, 2006), *i.e.* beyond the limits of this chapter. In a nutshell, wage differentials are resulting from club revenue differentials relying on different club attractiveness and access to gate receipts, sponsorship money, TV rights revenues, merchandising and naming². In this respect, English football clubs' attractiveness is stronger than French clubs. Chelsea could afford a €190 million payroll in 2007-08, that is 70% of overall payroll for the whole French *Ligue 1* (€268 million). Seen from transferred player revenues, wage differentials trigger their decision to move from French to English clubs.

² Naming refers to an increasing number of professional sport teams that have sold the naming rights for their facilities to private firms.

A second determinant is league regulation and its impact on a more or less balanced contest, the so-called competitive balance. The more unbalanced a championship, the more a players move to a top club of this unbalanced league will translate into a substantial wage increase. French players often migrate from the more balanced French *Ligue 1* to less balanced Italian *Lega Calcio*, Spanish *Liga de Futbol* and English Premier League in view of significant wage gains. A more unbalanced domestic championship raises the probability of its top clubs to qualify for (or even win) the Champions League and then increases revenue expectations for players (including bonuses, sponsorship contracts, etc.). Playing in a successful club such as a Champions League winner, finalist or semi-finalist will increase the value of a players human capital which would materialize in a more profitable international transfer fee afterwards. In South-North athlete migration, again wage gap is obviously the most effective determinant. In the Brazilian first football league in 2007, average wage was €12,000 while in African leagues it was below €2,000 in different countries, seldom over €5,000 anywhere in Africa. English and French football wages are extremely appealing, even if paid below average, to any Latin American or African player.

A third determinant is economic underdevelopment of the Third World – and to some extent transition – countries (Andreff, 2001). Developing countries are usually plagued with a shortage of sport teachers and coaches, a low domestic sports financing, limited sport facilities and equipment, fewer world-level sport performances than developed countries, namely few Olympic medals since the number of medals is markedly determined by GDP per capita and population of participating countries (Bernard & Busse 2004; Andreff *et al.* 2008). These countries are not capable of hosting more than a few sport mega-events; they suffer from widespread corruption in sport, embezzlements and wage arrears in professional clubs. Therefore, for a domestic athlete, moving to the North means that he/she will find there better training conditions, better technologies in sport equipment and medical care, better

expectations to win at world level and more competitive athletes to compete with. In addition, he/she can access a better standard of living and purchasing power in a developed market economy. The same determinants obviously apply to teenage muscle drain from developing countries. An additional one is the “dream of a personal achievement as a future superstar player” in the North with all associated benefits, a dream continuously fuelled by unscrupulous players’ agents painting an enticing – though fallacious - picture of assumed advantages.

Major outcomes of international athlete migration may be sketched as follows. For athletes, when a transfer is successful, a major effect is higher wage and revenues, and consequently, a better way of life. When unsuccessful, the player is left aside by the host club or resold on the labour market or simply abandoned in the case of teenagers. If unsuccessful, a player has to drift toward another club, usually in a lower division, or find a way to return home. For host clubs, they become multinational companies (Andreff, 2009b) sampling players and coaches from different countries. They offer sport shows and events of a better quality due to their recruitment of the best players/athletes abroad and they increase their probability to win on the pitch. Consequently, they attract more money from fans, sponsors and TV channels. Since they earn more money, host clubs for foreign players are more capable to recruit international superstars which can prolong their capacity to win, to earn more money and so on, in a sort of winners’ “virtuous circle”.

With regards to professional sports leagues, the impact depends on whether a host country is net importer of players or not. For instance, despite a significant number of French football players enrolled abroad, French *Ligue 1* had a deficit transfer balance in the early 2000s, which jeopardized the league financial equilibrium, due to even more significant imports of players from European and developing countries. When it comes to the economic impact of importing foreign athletes on the host country’s economy overall, an obvious gain consists in

having higher quality domestic sport contests without having financed the cost for education and training foreign players/athletes involved in the domestic championship. With superstar foreign players, host countries' teams may enjoy winning prestigious (and profitable) international contests like the European football Champions League. However, a possible "windfall cost" may happen with regard to the host country's national squad, as it has been witnessed with the English football squad unable to qualify for the final stage of Euro 2008.

For developing countries which basically are net exporters of sporting talents, the main issue is that home country and the nursery club are not compensated – or not enough – for educational and training costs they have covered before their players have been transferred. An absent or limited compensation deepens the gap between a developing home country's and a developed host country's sports economy and undermines the sporting substance of developing countries as well as their expectations and probability to win international contests or Olympic medals. Developing countries' national squads are often weakened by European or American clubs' reluctance to release their Third World players, which erodes the home country's capacity to field its most talented athletes in international contests. And when players are released, the national squad of a home country is less and less national in some sense insofar as most of its players are expatriate workers. Since they are not compensated enough for transferred players, professional clubs and leagues in developing countries remain poor and unable to keep their best players or to get a reasonably high price (transfer fee) for them on the global market.

Regarding the role of players' and athletes' agents, the more they transfer players, the bigger their revenues since they levy a percentage on each transfer fee and/or initial wage. Transfers of teenage players are illegal and undertaken under outrageous and infamous conditions offered to young players. Increasing turnover in the labour force and growing international athlete mobility still occur and destabilizes the manpower of many sport teams, with the

exception of the richest. Such consequences of free movement in a global market calls for the introduction of more regulation. Another outcome is the emergence of an underground (black) market for teenage players after the introduction of new FIFA regulations released in 2001. These regulations prohibit the transfer of players below the age of 18. With player transfers from developing countries, players' agents often cheat on player birth dates in order to either "rejuvenate" rather old players or give the appearance that a minor player is older than eighteen. This 'trade' is run by unregistered players' agents unsupervised by FIFA – therefore to outlaw agents (which compose nearly 80% of agents in operation in the French football league). Hence, there is a high risk of fuelling the 'bung' culture of bribes, embezzlements and so on, as pointed at by Lord Stevens' report (2006) in the U.K.. Sometimes, a conflict of interest emerges when there are tight links between host club managers and players' agents. All in all, developing countries are losers in the athlete migration business. An issue to be solved is one of losers' compensation by winners basically located in developed host countries: clubs, leagues and players' agents. This has not been tackled yet since sport globalisation has emerged.

A model of international player transfer taxation: the Coubertobin tax

In the face of similar issues with excess international mobility of short term capital on global financial markets, James Tobin, a Nobel Prize winner in Economics suggested to "throw sand in the wheels of international finance" and designed a 1% Tobin tax to put a brake on short term capital movements (Tobin, 1978). Such a tax has not been implemented so far but with the current financial crisis partly resulting from too much free capital movements through banks, financial markets, fiscal paradises, etc., the Tobin tax may come back to the fore in the coming months and years.

Thus it is recommended here to design and introduce what I call a “Coubertobin” tax on international player transfers (Andreff, 2004) with the four following objectives:

1. The tax is to extensively cover educational and training costs of teenage athletes in their home countries.
2. The tax is likely to slowdown international athlete migration from developing countries to professional players markets in developed countries.
3. The tax should provide a strong disincentive to transferring teenage players or even children.
4. Tax revenues would accrue to a fund for sport development in developing home countries and could finance sport facilities building and maintenance, training, sports at school and sport for all.

The idea is to levy the Coubertobin tax at a 1% rate on all transfer fees and initial wages agreed on in each labour contract signed by players moving from developing countries with foreign partners in developed host countries (for the technicalities of the tax, see the appendix below). Regarding transfers of teenage and very young talents, a graduated surcharge would be added to the 1% tax itself, the younger the player, the higher rate of surcharge.

The Coubertobin tax obviously is not designed to be a panacea. A number of issues would have to be resolved if one wants such a tax to be enforced. Which would be the accurate body to levy the tax and take over tax administration? It could be a World Bank or UN department or an international body specifically created to manage the tax. An international agreement is necessary between host and home countries and sport federations; otherwise the tax will not be implemented on a global scale, the only relevant scale. Political willingness seems to be missing so far in favour of such tax. The current financial crisis with its impact on professional finance and a hardened budget constraint on wages and transfer fees might well

create a window of opportunity for those convinced that the global market for sporting talents must be regulated.

Table 4x: A model of a Coubertobin tax

$$FR = (Pi - r.VI) . T, \text{ if } a > a1 \quad (1)$$

$$FR = (Pi - r.VI) . [T + s1 (a - a1)], \text{ if } a1 < a < a2 \quad (2)$$

$$FR = (Pi - r.VI) . [T + s2 (a - a2)], \text{ if } a2 < a < a3 \quad (3)$$

$$FR = (Pi - r.VI) . (T + s3), \text{ if } a < a3 \quad (4)$$

FR: revenues rose through taxation for home developing countries,

Pi: international transfer price (fee) + initial annual wage of transferred player,

VI: player's value on home country market,

r: exchange rate between domestic currency and the hard currency of host country,

T : Coubertobin tax at a uniform rate of 1% for all transferred players,

s: tax surcharge for players under 18,

a: player's age at the date of transfer,

a1: first age threshold below which a tax surcharge is to be paid,

a2: second age threshold below which a tax surcharge must be deterrent,

a3: third age threshold below which the tax is prohibitive on transfers of extremely young players.

Example: **a1** = 18 years, **a2** = 14 years, and **a3** = 10 years.

If $a1 < a < a2$, the tax surcharge $s1 = 2\%$ more for each month under the age of 18 at the date of transfer; transferring a player of 16 would cost a 48% surcharge).

If $a2 < a < a3$, the surcharge $s2 = 10\%$ more for each month below the age of 14 at the date of transfer; transferring a player of 12 would cost a 240% surcharge.

If $a < a3$, the surcharge $s3 = 1000\%$ lump sum tax.

When it comes to regulating international athlete migration, there are at least two other options than the Coubertobin tax. A first option is the one adopted in the 2001 FIFA rules. First, teenager transfers are prohibited. The problem is that prohibition usually creates very strong incentives to either find some excuse that triggers an exception status or develop an international black market for teenage players, which already exists. Second, FIFA rules establish training costs compensation for players transferred over twenty-three with a 5% solidarity mechanism which distributes compensation on a *pro rata* basis among all nursery clubs involved in a player's training from the age of twelve to twenty-three. In a nutshell, the comparison between FIFA rules and Coubertobin tax (details in Andreff, 2001 & 2002; Gerrard, 2002) comes out with FIFA rules being more profitable over twenty-three, much less below eighteen. A main limitation of FIFA rules, comparatively to the tax, is that they are restricted to football while Coubertobin tax targets all sports. On the other hand, FIFA rules have been adopted while the tax is still in prospect. In some sense, FIFA rules are a step in the right direction, but it is not in tackling the less desirable effects of international athlete migration.

A third option is to revert to the pre-Bosman quotas system of domestic players, such as the 6 + 5 rule which would compel any football club to field at least six domestic ('national') players, and no more than five foreign players, in each match that counts for a contest. This rule is strongly supported by Sepp Blatter, , and more recently he has been joined by the

former French State Secretary for Sports, Mr. Bernard Laporte. The incumbent UEFA president, Mr. Michel Platini, is apparently less in favour of quotas. Nevertheless, the number of “locally trained” players that must be fielded in UEFA contests has been increased from 4, to 6 and then 8 players since 2007-08. In the Italian *Lega Calcio*, the quota is now of at least 50% Italian players. A quota of locally trained players is also discussed in the French rugby Top 14. The concept of a locally trained player is rather blurred and must be further clarified in the near future, otherwise it could be considered as an attempt at breaching the Bosman ruling and the Treaty of Rome article which guarantees international labour mobility to all EU citizens. Finally, the Andrew Webster case at the Sport Arbitration Court seems to be a recent U-turn compared with the Bosman case, since it allows a player – considered as a free agent – who breaches their labour contract before the deadline, to obtain a compensation though not higher than cumulative wages until the end of contract. This sounds similar to the previous transfer fee system which had been abolished by the Bosman case. If player quotas based on citizenship were to be re-introduced, they would be subject to criticism by the European Court of Justice.

The most urgent regulation of international athlete migration may well be a quite tighter supervision of players’ agents business. According to FIFA rules those who start up a players’ agent business must exhibit a clean police record, must not be an attorney, must pass an interview with his/her domestic football federation and must open a bank deposit in Swiss francs. A number of agents do operate without fulfilling these rules. This regulation should be more tightly supervised, to say the least. Another option would be to forbid affiliated clubs (affiliated to sport federations) to deal with outlaw players’ agents and to fine those which do not align to such rule. Some doubt may be raised about the efficiency of supervision as long as players’ agents and host clubs have converging, confusing or merged interests. Creating an international association of players’ agents on the model of the Bar (association of barristers)

has also been suggested (Tshimanga Bakadiababu, 2001) that would define and supervise honorariums and fees, and rule the whole agents business. Here again, like for Coubertobin tax, such reform requires political willingness which is missing so far. What is urgently needed is to build up an exhaustive data collection process about all international transfers (in all sports and not only for football as in Poli & Ravenel, 2006) and incurred transfer fee amounts. The latter is absolutely unknown and is only publicised through estimates and speculation by journalists or through acquaintances with some players.

International athlete migration and regulation in times of crisis

The development of the sub-prime bubble, its propagation into a global financial crisis that subsequently triggered a global economic recession may provide new support to economic regulation at the world level. Perhaps, time is ripe for implementing such a thing as a Coubertobin tax on international labour migration. There are several reasons to consider this. First, which is the impact of financial and economic crisis on sport? Based on first observations regarding sport financing in Europe (Amnyos, 2008; Andreff, 2009c; Andreff, Dutoya & Montel, 2009 a & b), major channels for crisis transmission to sports are household and local authority sport expenditures, then government sport budget and private money flowing into sports through sponsorship and the media. The Global crisis affects household revenues downwards and thus, through a decreasing purchasing power, it shrinks household sport consumption expenditures. Let us imagine a 5% cut in household expenditures. If sports products and services are normal goods, considered as a usual part of European way of life, the decrease of sport expenditures would be about 5% on average since it is the expected fall in European GDP in 2009. Deep national disparities will occur around the average, depending on how hard each domestic economy will be hit by the crisis – for instance harder in the new

EU members (Andreff, 2009d). The crisis may have a *substitution effect* in household expenditures between sport practice (and paying ticketed sport events) on the one hand and, on the other hand, sport events that can be watched for free or at a reasonably low price (sport TV broadcasts). In fact, sales of sport goods have dropped after September 2008. Adidas sales worldwide have dropped by 6% in the first trimester of 2009 and its profit by 97% (Puma's profit fell by 94%), Nike's global sales have decreased by 2% in the same trimester and the company has cut 1,400 out of its 35,000 jobs. Shrinking household purchasing power is also a threat for professional sports clubs. Stadium attendance has dropped in various sports in the past months, but not that much in European football where attendances have still increased in English Premier League and German *Bundesliga* while they are stagnating in French *Ligue 1* and decreasing in Italian *Lega Calcio*. Another crisis index is that sports specialised newspapers, such as *L'Equipe* in France, are facing a fall in their sales.

In most EU member countries, local authorities have financed local clubs, athletes and infrastructures on the basis of money borrowing from the banking system. As a result, a number of local authorities are now indebted to banks which has negative implications for sport finance. Local authorities will not be able to maintain existing amounts of sport finance or, at least, will select the most significant clubs, athletes, sport events and infrastructures. The global economic crisis has obviously an impact on governments' budgets. The great bulk of fiscal deficit is simply due to the recession crisis itself which lowers tax receipts while it increases public expenditures (unemployment, social protection) and debt. Increased public debt will have to be reimbursed soon and this will trigger an austerity fiscal policy as soon as the deepest of the recession will be over. With 0.01% to 0.88% of government budget in European countries, sports ministries will suffer more than other ministries from budgetary cuts because of their low priority.

Except in a few industries, a number of industrial and commercial enterprises have been seriously hit by economic recession since the last trimester 2008, and some of them have gone bankrupt. Since their sales and profits are down they reduce their 'less useful' expenditures, including sport sponsorship. Sponsors are changing their strategy towards sports since the crisis. Some simply quit sport sponsorship. A number of cases have been witnessed since September 2008: Honda, ING Royal Bank of Scotland and Crédit Suisse have left Formula 1, Kawasaki has abandoned its Moto GP team, banks have left the golf PGA Tour, Kodak has given up Nascar, Nomura the Japan Olympic team, Vodafone has withdrawn from UK cricket and horse racing and breached Tiger Woods' sponsorship contract one year in advance.

A second strategy is simply to reduce the amount of sport sponsorship without giving up all sport support (AIG, Northern Rock, XL charter, Fortis, Dexia). Sponsors also diminish wages of sponsored athletes. Rossignol is bargaining on limiting to half previous wage agreements with skiers'.

Other sport sponsors – like Lacoste for example - prefer to concentrate reduced finance on a few very high profile professional athletes and clubs, and on sport mega-events. This means that amateur sport clubs and events which previously benefited from sponsorship will suffer more from financial shortages than professional sports. However, even some professional football clubs have found it difficult to attract a sponsor for 2008-09 like e.g. Aston Villa, Sheffield Wednesday and Leicester City.

In the case of media (TV channels) which basically finance sport through broadcasting rights, the crisis impact is less crystal clear. Recession affects advertising budgets of numerous enterprises downwards, and this would reduce the revenues offered for broadcasting sport events, in general. A countervailing tendency may be the following: if the viewing figures were to increase during the crisis, the audience rates of TV channels would increase and its attraction for advertisers would increase since, in a period of crisis, enterprises need to reach

more potential consumers for their products (in order to maintain sales). On the other hand, the number of (sport) TV viewers might well increase during the crisis due to reduced purchasing power available for paying for leisure and sport. Moreover, the number of sport TV viewers would increase if the above mentioned substitution effect of free sport TV broadcasts to sport practice and paid sport shows materialised. A number of broadcasting contracts between TV channels and different sports, including football, have already been revised downwards in Europe.

In the current model of professional sport finance³, professional clubs can afford pushing wages and transfer fees up to acquire superstar players, and do it in a sort of arms race (Andreff, 2009a) as long as nobody impose a hard budget constraint and good corporate governance on them. This applies even in the French and German cases where football clubs are more tightly supervised by auditing bodies than elsewhere in Europe (Andreff, 2007a). Clubs are often stuck in a vicious circle between increasing broadcasting rights negotiated with TV channels in order to cover their wage and transfer fee increases, which in turn requires a new negotiation for higher TV rights later on and so on (Andreff, 2007b); such a vicious cycle derails into pandemic clubs' deficits. Thus, the creeping financial crisis which affects European football (Lago *et al.*, 2006), and other professional sports to a lesser extent, is going to deepen with the global financial crisis and recession. The English Premier League deficit has reached €3.8 billion overall in October 2008, Arsenal, Chelsea, Liverpool and Manchester United being accountable for two thirds of it. The deficit of Spanish *Liga de Futbol* was up to €2.8 billion in December 2008, Real Madrid, FC Barcelona, Atletico Madrid and Valencia being the most substantially in the red. As a consequence of such financial woes in European football clubs, the *mercato*⁴ transfer market collapsed in winter 2008-09 due to a

³ Primarily based on media finance (TV broadcasting rights), then on corporate finance, merchandising, labour market (players transfers) and capital market (flotation of clubs' shares at the stock exchange), see Andreff & Staudohar (2000).

⁴ *Mercato* is the annual re-opening of the transfer market during the season's winter break.

sponsorship shortage in French *Ligue 1*, German *Bundesliga*, Italian *Lega Calcio* and to a lesser degree in Spanish *Liga de Futbol*. Again, the exception of to this was the English Premier League. Eventually, the summer 2009 market for international transfer has also slowed down in English Premier League. For the first time in many years, Manchester United, Liverpool, Chelsea and Arsenal have spent much less on foreign players than clubs such as Lyon, Marseille and Bordeaux. This downward trend is tightly linked to the crisis since it is triggered by the sterling pound depreciation in terms of euro and a more stringent English tax system (in reaction to the crisis) which hits higher revenue earners, which include football players. To compensate for their loss of players, English clubs will have to increase wages and transfer fees, which few of them can afford.

It might be that the crisis, by itself, would put a brake on international athlete migration in a sort of market 'self-regulation'. Does it mean that there is no longer any need for a Coubertoin tax? A slowdown in international athlete transfers does not resolve at all the issue of outlaw teenage players' transfers. There is still a significant room for regulation in particular when this global crisis ends, and international athlete migration gains further momentum.

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