



EU Conference on Licensing Systems for Club Competitions

Organised by the European Commission
Brussels, 17–18 September 2009

Report

1. Press conference

The conference was preceded by a press conference where **Ján Figel'** (on behalf of the European Commission), **Senes Erzik** and **David Taylor** (on behalf of UEFA), **Frédéric Thiriez** (on behalf of EPFL) and **Karl-Heinz Rummenigge** (on behalf of ECA) replied to questions from journalists. Most questions concerned the newly adopted principle of Financial Fair Play. Messrs **Erzik**, **Taylor**, **Thiriez** and **Rummenigge** presented the principle as an important milestone in the process of improving long-term financial sustainability in football. Mr **Figel'** welcomed the approval of the principle as an example of good governance in football and congratulated the parties upon the positive spirit of collaboration that had characterised their discussions.

2. Opening and introductory speeches

Mr **Figel'** opened the conference by presenting the double objective of the Commission in organising the event – namely to promote the establishment of licensing systems and to provide a platform for the exchange of good practices. Mr Figel's speech was followed by keynote speeches addressed to the audience by Mr **Erzik**, Mr **Thiriez** and Mr **Rummenigge**. Mr **Taylor** and Mr **Traverso** from UEFA then made a presentation outlining the distinctive features of UEFA's Club Licensing System as well as the rationale inspiring the newly adopted principle of Financial Fair Play. The UEFA representatives explained that the main objective of their Club Licensing System was to raise professionalism in football and to ensure good governance in the relations between federations, leagues and clubs. In designing the system, UEFA had followed a systematic approach with the aim of improving club football as a whole.

3. Good practices at national level: financial discipline as a key element of licensing systems

Mr **Müller** from the German Bundesliga made the first presentation, underlining how the Bundesliga system already implements in practice the Financial Fair Play principle, whereby expenditure is linked to revenue. Mr **Khan** from the Premier League expressed a different opinion, arguing that applying a strict link between salary expenditure and club turnover may represent an obstacle to the growth of small clubs. Mr **Aulas** from French club Olympique Lyonnais presented the point of view of licensing systems' users, saying that licensing systems should aim at ensuring fair play and respect of ethics in competitions, but at the same time be flexible enough to adapt to the situations of individual clubs, in order not to discourage investment in sport. Mr **Senespleda** from Spanish basketball league ACB gave an overview of the financial control rules applied in basketball club competitions in Spain. Mr **Baqué** from FIRA praised the establishment of club control measures as an element contributing to the professionalization of rugby in France. Finally, Mr **Lewis** presented the financial control rules applied by Premier Rugby in England, including the salary cap measure which is seen by Premier



Rugby as a key element to ensure a competitive balance among clubs.

In the debate that followed, Mr **Khan** noted, in reply to an observation from the moderator, Mr **Mairesse** (European Commission), that financial rules were an absolute novelty when UEFA's licensing system was first adopted, while nowadays they are fully implemented by all clubs in England's domestic competitions. Mr **Müller** observed that the situation was different in Germany, where strict financial rules were already in place before the adoption of UEFA's system and where higher financial standards apply at present, so that all clubs licensed by the Bundesliga automatically comply with the UEFA system.

In reply to a question from the **EHF** (European Handball Federation) about how to develop national associations into effective licensors, Mr **Taylor** said that financial help and individual training had been made available to all of UEFA's member associations, especially the small ones. Mr Taylor noted that for smaller countries, non-financial criteria are often the most important element in licensing systems. Mr **Aulas**, replying to a question raised by **FESI** (Federation of the European Sporting Goods Industry) stated that the sporting goods industry has a role to play in licensing systems as a partner of football, similarly to other industries such as the media. Mr Aulas added that in addition to licensing rules, other issues should also be addressed in football, such as the role of players' agents.

Mr **Mairesse** observed that the Commission was reflecting on the issue of agents. Mr **Piat** from FIFPro noted that mid-season players' transfers should be reduced and argued against limiting salary spending by clubs, saying that if such limits had to be implemented they should be extended to shareholders' dividends as well.

Rugby stakeholders took the floor. Mr **Baqué** underlined the importance of training to ensure the sustainability of the game. In reply to a question from the audience, Mr **Lewis** said that the salary cap had not been submitted to EU or national antitrust authorities as it was a voluntary arrangement.

Replying to a question from the audience about bankruptcies in football, Mr **Khan** noted that sport is unlike any other industry as its main objective is sportive and not economic. Football, he said, is a product in demand by consumers, a very successful but young industry, and a sector which attracts many benefactors and investors. Mr **Müller** said that the Bundesliga's rule limiting the amount that private investors can put into German clubs is currently under review. The Bundesliga would like to preserve the spirit of the rule, which is to avoid that clubs be bought by private owners and to guarantee that they remain associations owned by the local community. This view was shared by **FARE** (Football Against Racism in Europe), who argued that licensing systems should be used to raise social standards in football, e.g. by redistributing revenues back to fans or by laying down rules against racism, as is already the case in UEFA's system.

In reply to an observation from the audience about the inefficacy of licensing systems in ensuring balanced competitions, Mr **Taylor** said that the principal objective of licensing systems is not balancing competitions, which is rather an indirect effect of licensing rules, similarly as in the case of the Home Grown Players rules whose main aim is to promote training but which also contribute to fostering better balance among clubs.

Mr **Mairesse** wrapped up the first day's discussions by noting that licensing systems have been developed at both the national and European level, with some common points across different sports – such as the key role played by financial rules and the existence of sportive sanctions as an effective



enforcement mechanism –, but also significant differences, as exemplified but the issue of salary caps in rugby. Mr Mairesse concluded that licensing systems have to be balanced – they have to guarantee the integrity of competitions but they should not become a means of closing competitions; they have to promote good investments and allow clubs and players to progress. Licensing systems are not a panacea to solve all problems in sport, but rather an important element of the mosaic.

4. Licensing systems as a tool to promote investment and improve infrastructure

Mr **Pangl** from the Austrian Bundesliga opened the second day of the conference with a presentation on the positive effects of the application of licensing systems in Austria with regard to minimum standards for infrastructure. Mr **Rutten** from the Dutch Football League noted that availability of stadia is an essential criterion besides security and safety to obtain a licence and presented a project stimulation fund targeted at testing new developments in infrastructure as a good practice implemented in the Netherlands. Mr **Delaney** from the Football Association of Ireland presented the perspective of a smaller football federation able to achieve important results in terms of infrastructure development.

In the discussion following the presentations, Mr **Piat** from FIFPro raised a question about the compatibility with EU law of a support measure mentioned by Mr Pangl in his speech consisting in providing financial support to clubs hiring Austrian players. Mr **Mairesse** explained that nationality criteria are not compatible with EU free movement rules whereas the promotion of training is an approach which may justify proportional restrictions in the clubs' squads.

Replying to a question from the moderator, Mr **Delaney** said that the football federation in Ireland had received strong support from municipalities and that clubs and local communities were working in partnership, not only to develop infrastructure. Mr **Rutten** raised the issue of EU State aid law as a possible obstacle to building or improving sport infrastructure, asking for more guidance on this topic from the Commission. Mr **Mairesse** said that he understood the needs of sport stakeholders, that this issue was dealt with in the White Paper on Sport as an example of the need to take into account the specificity of sport when applying EU law, and that further reflection would be carried out as a follow-up to the potential entry into force of the Lisbon Treaty.

Mr **Mairesse** also underlined the importance of rules fostering the improvement of training centres as part of licensing systems. Mr **Müller** presented an example of good practice in Germany, whereby the Bundesliga redistributes money generated by the participation of clubs in UEFA's Champions League in proportion to the improvement made by clubs in their training centres. Mr **Rutten** outlined a similar scheme existing in the Netherlands: a percentage of the income of the professional league is devoted to a fund for youth promotion, which is distributed according to the quality of training facilities, thereby fostering investment in training of young players.

5. Licensing systems in other team sports: opportunities and challenges

Mr **Thomas** from RFU insisted in his presentation on the importance of dual careers, of providing financial support to home-grown players and of respecting the principle of subsidiarity when approaching the issue of licensing systems in different sports. Mr **Bertomeu** from Euroleague Basketball argued that sportive merit must be accompanied by strategic measures aimed at consolidation and professionalization of the game. Mr **Butzeck** from Group Club Handball presented the specific situation of handball clubs, mentioning football as a model where good governance is in place. He also said that following recent episodes of bankruptcies in German handball, stricter



licensing criteria with stronger sanctions were now being designed.

During the debate, several questions were addressed to Mr **Bertomeu** with regard to the strict criteria, including on territorial capacity and attendance at arenas, adopted by Euroleague as part of their club licensing system. Mr Bertomeu replied that sport results remained the main criterion for clubs to take part in the Euroleague, but that other long-term criteria were needed to ensure stability and build a product for the public. Mr Bertomeu explained that territorial requirements are modelled on the NBA rules aimed at protecting local areas and that ticketing criteria are meant to incite clubs to invest in the sale of tickets for live matches and not only in selling TV rights. He also explained that Euroleague is working with clubs to implement a ticketing programme.

Mr **Thomas** observed that there are different views in rugby between clubs and national teams, explaining that the RFU pursues a policy of encouraging locally trained players.

Mr **Mairesse** concluded the session by observing that the Commission, in the White Paper on Sport, took a political position in declaring that licensing systems, when they respect the proportionality principle, are in compliance with EU law and are to be seen as a tool to promote good governance in sport. Mr Mairesse explained that the Commission does not aim at regulating sport, respecting the principles of self-governance and autonomy. On the other hand, the Commission has an interest in good governance in sport to avoid receiving complaints from sport stakeholders. Mr Mairesse suggested that basketball and handball representatives should follow the model represented by football in implementing good governance, mentioning the previous day's press conference as an example of how different players can work together towards a shared goal. Mr Mairesse confirmed that the EU supports dialogue with sport representatives. He added that the EU has no competence to regulate salaries or harmonise taxes across Europe, which sport organisations should take into account.

6. Panel discussion: good governance and organisation in sport / lessons form the conference

In the final panel of the conference, Mr **Traverso** from UEFA argued that licensing systems are a sophisticated tool, requiring continuous monitoring, and aimed at fostering higher standards in sport while remaining in line with EU and national law. Mr **Macedo de Medeiros** from EPFL called on the Commission to take action to fight against the illegal abuse of sport-related intellectual property rights. Mr **Centenaro** from ECA noted that licensing systems are now accepted as a positive aspect of sport, which was not the case in the past, and welcomed this good development. He also expressed the view that football can provide lessons to other sports such as handball about the involvement of clubs in decision-making. Mr **Van Seggelen** from FIFPro said that licensing systems should not be used as a tool to change EU law and that respect of contracts was paramount from the perspective of players. Ms **Hagemann** from Supporters Direct Europe presented the view of fans and supporters and made the case for a stronger involvement of the fan base in football governance through licensing systems.

Ms **Quintin**, Director-General of DG Education and Culture, closed the conference by expressing her appreciation for the quality of the interventions, underlining the importance of financial fair play as a tool to ensure the respect of ethics in sport, and expressing the wish for further debate about the role of licensing systems as a source of good governance in sport.