Trans Border Cooperation, Sport Mega Events and Development: stakeholders, interests and mechanism behind European Football Championship EURO 2012 in Poland and Ukraine

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1. Definition and thesis
2. Promissed benefits and their aspects (dimensions)
3. Main stakeholders and their motivation
4. The mechanism: how it works?
5. EURO 2012 results
6. Conclusions
Mega events: “large-scale cultural (including commercial and sporting) events, which have a dramatic character, mass popular appeal and international significance”[Roche 2000].

- Mega events are more and more costly (over USD 50 bn), but still
- Many people believe into „benefits” promised

Objective of this presentation: to discuss reasons, conditions, factors and real results (example of EURO 2012 Poland-Ukraine and other events).
EURO 2012 in Poland and Ukraine instead of expected profits (benefits) has brought large costs to the public budgets which were not compensated in any way (and growing after the event).

What is more, it did not had any sustainable influence on transborder cooperation between these two neighbouring countries.

For details see the text by the author.
Dimension of benefits expected

1. Economic sphere (direct income from increase of the number of wealthy visitors, their future returns).
2. Infrastructure development (additional or earlier large scale infrastructure constructed benefitting everyone)
3. Promotional and image change benefits
4. Social sphere benefits (integration, social capital)
5. Area revitalization (urban renewal)
Stakeholders and their interests (motivation)

• Logo (TM) owner (international private organization)
• Organization „family” (national organization)
• Media (additional revenue from the event)
• Event sponsors (mostly international, even in case of „national”)
• Limited large and mostly 5 star hotel used by the „family” and VIPs
• Sportsmen, coaches, MDs etc.
• Politicians (no risk involved due to political cycle)
• The government (tax payers) (bearing the cost of preparation, most of event-related infrastructure, tax exemption for logo owner, security, volunteers or taxi drivers training, promotional materials etc)
• The local government bearing local costs of organization and local infrastructure construction (plus maintenance after)
• Part of population (costs plus inconveniences during the event)
The mechanism (EURO 2012)

• Idea born in 2003 in Ukraine (supported by Ukrainian oligarch-president of football association), agreed upon with Poland
• Preparation of bid costs covered by two governments
• April 2007 – PL-UA bid won, contract with the UEFA signed (all the costs to be covered by PL-UA; almost all the income from the event for UEFA (tax exemption for all the operations during the event [broadcasting fee, logo & TM rights sold etc])
• Massive positive presentation of all the alleged „benefits” in the media (supported by international consultancies)(based on promotional material commissioned by Ministry of Sport & Tourism)
• In line with territorial marketing emotions used in positive side promotion („we all are the hosts of the EURO 2012”)
• „Evaluation” of results published 3 months after by institutions paid (no hard data available)
The mechanism’ specificity in short

- since contract signed, both countries via governments became a hostages of UEFA (all costs to be covered, obligations to be fulfilled)
- benefits always presented as bigger than costs (maintenance costs never mentioned)
- unlike in Poland, costs of Ukrainian infrastructure (stadiums) covered by oligarchs (at what expense for the government?)
- structure of costs and benefits always vague and presented voluntarily using emotions
Economic benefits?

1. Income increase in the host and non-host cities in Poland in 2012 as compared to 2010: Hosts (Gdańsk, Poznań, Warszawa, Wrocław) 4.9% to 9.3%, non-hosts (Kraków, Łódź) 10.3% to 21.9% (CSO 2013).

2. Overnight stays of foreign tourists increase in 2012 compared to 2011: Gdańsk 23.7% (visa free local regime for Russians from Kaliningrad), Poznań 5.2%, Warszawa 12.3%, Wrocław 10.4%; non-hosts: Kraków 14.5%, Łódź 26.3% (CSO 2013). According to UNWTO data there was some increase of international visitors but bring unproportionally smaller (or negative) increase of receipts (UNWTO 2013).

3. Secret tax exemptions (opportunity lost).

4. Trade profits went mostly to Official sponsors (like breweries or fastfoods enjoying monopoly for sales in stadiums and fanzones).

5. Local companies could not afford to buy the logo (or name) rights; if they managed – than the demand was much below expectations (cost! – many sold them with 50% discount; data for Poznań - Burszta 2013).

Sport fans (as all fans, incl. opera fans) go not to places they like, but to places the sport (opera etc) events take place.
Infrastructure construction benefits?

1. Promised speed up of construction of motorways network: not finished until 2014; delay instead of acceleration, bankruptcies of companies

2. Renovation (overhaul when needed) of few railways station (against the law one not fitted with facilities for disabled persons)

3. Warsaw cost of national stadium built for UEFA: planned to be $0.2 bn, finally $0.7 bn costs in other cities not much better (with one exemption in the red till today);

4. Minister of Sport report to the parliament (not known to the public) shown a longer list of not finished infrastructural projects than finished ones.
Atermaths: promotional benefits and image change?

1. No proof of increase of number of international tourists and receipts thanks to the event (research by NTO in 2013 did not present EURO 2012 as having any impact on tourists decisions to come)

2. During event broadcasting there was no time to present Poland or Ukraine – no free promotion

3. Just before the event BBC presented a biased film on the hazard for other culture spertsmen in the Eastern Europe (inc. Poland & Ukraine)

4. Most hot information from Warsaw was about a hassle (punch up) of Polish and Russian fans

**Most people come to any country with deep-rooted stereotypes and are blind to things not confirming the stereotype**
Social sphere benefits (integration, social capital)

1. Social capital still among the Europe lowest in Poland – no change (Czapinski, Panek 2013)
2. Conflicts among football clubs’ fans about the same
3. Social disparities, political conflicts remain unchanged
4. Volunteers during UEFA 2012 – no sign of more active behaviour after due to UEFA experience

And why should anything change because of the football matches?!
Area revitalization (urban renewal)

Except for stadiums and its necessary infrastructure (energy grid, car parks and main streets, public transport stops reconstructed or renovated) no promised urban renewal. In Warsaw huge (and poor) bazaar employing thousand of people was closed down to build the national stadium for 50 thousand spectators. On another bank there is another private football stadium (30 th. spectators). On average league matches are attended in Warsaw by 7-10 th fans and the number goes down.

In Beijing ca 1 million people displaced and historical poor hutongs demolished to allow for building an Olympic village. In Seul ca 0,7 million. In Barcelona 400 homeless people expelled form the city. In Sochi Olympic area looked like military zone separated from the locals.

Urban renewal always among last and forgotten (costly) targets.
Warsaw: stadium area in need of renewal unchanged
Closest buildings – area unchanged
Economic dimension matters, all other play a role of a smoke screen: who wins, who pays the bill of EURO 2012 in Poland

<table>
<thead>
<tr>
<th>The logo and TM owner</th>
<th>profits ca $2 bn</th>
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</thead>
<tbody>
<tr>
<td>Official sponsors selling goods and services</td>
<td>secret</td>
</tr>
<tr>
<td>Limited no of top hotels serving logo „family”</td>
<td>secret</td>
</tr>
<tr>
<td>Consultancies, media, broadcasters</td>
<td>secret</td>
</tr>
<tr>
<td>Local organization, sportsmen and activists</td>
<td>$10-20 million</td>
</tr>
</tbody>
</table>

| Local businesses | 10-30% |
| Municipality, local government | $ tens of millions |
| State budget | loss of over $2 bn |

Slightly lower would be the costs in Ukraine
Conclusions

• Mechanism built cleverly on financed „scientific reports” promises, media coverage and emotions.
• Main beneficiary: logo owner (ca $ 2 billion in Poland only) plus local „family” (renumerated for efforts by $9 million from logo owner), international media and official event sponsors, sport community
• Main net payer – taxpayers via national and local budgets (security, organization, promotion, tax exemption, preparation, maintenance etc)
• Main losers: local businesses and societies
• Benefits from almost 3 week event – unidentified or not proven

New feature over last three years: increasing social protests against the costs of sport mega-events (Bayern, Sweden, Brazil, Kraków).
What will be a response from logo owners (notorious for doubtful reputation)? Distribution among large number of countries in order to reduce level of local protests due to potential losses?
Thank you for your attention

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