



COMMERCIAL AND LEGAL ASPECTS OF TRANSFER OF PLAYERS IN EUROPEAN FOOTBALL

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Abstract: It is important to discuss the transferring of player in football industry since it is one of the core part to flourishing football business in Europe. The article aims to make a clear picture of football business in Europe, which consists of many financial factors, relationships between football and their supporters, rise of many competitions and leagues and most importantly about the players and their transfers. Transfer of players is also a key for the smooth development of football business. Furthermore, branding of the players adds value to them as well as their clubs and makes them the star players. The findings have revealed the core strength and process of commercialization of football in Europe through history along with some weaknesses, which have great effects and importance on people nowadays.

Keywords: branding, commercialization, FIFA, football, revenue, supporter, transfer, UEFA, regulations.

Аннотация: в статье обсуждается трансфер игрока в футбольной индустрии, поскольку он является одной из основных составляющих процветания футбольного бизнеса в Европе. Главная цель статьи – передать картину футбольного бизнеса в Европе, который состоит из многих финансовых факторов, отношений между футболом и их сторонниками, роста многих соревнований и лиг, а самое главное, игроков и их трансферов. Трансфер игроков также является ключом к плавному движению футбольного бизнеса. Кроме того, брендинг игроков добавляет ценность их и их клубов, и делает их звездными игроками. Выводы выявили основную силу и процесс коммерциализации футбола в Европе через историю, а также некоторые недостатки, которые в наши дни имеют большие последствия и значимость для людей

Ключевые слова: брэндинг, коммерциализация, ФИФА, футбол, доход, сторонник, трансфер, УЕФА, правила.

Аннотация: Футбол индустриясида футболчи трансфери муҳокамаси жуда муҳим ўрин тутади, чунки у Европада футбол бизнесининг асосий таркибий қисмларидан бири ҳисобланади. Мазкур мақолада футболчилар трансфери ва трансфер бозори тўғрисида муҳокама қилинган.

Ушбу мақоланинг асосий мақсади, кўплаб молиявий омиллар, футбол клублари ва мухлислар ўртасидаги муносабатлар, кўплаб мусобақалар ва лигалар, энг муҳими футболчилар ва уларнинг трансферлари билан боғлиқ бўлган футбол соҳасидаги бизнеснинг аниқ тасвирини шакллантиришидир.

Футболчиларнинг трансфери футбол бизнесининг бир маромда харақатланишида муҳим омил ҳисобланади.

Қўлга киритилган маълумотлар Европада футболни ривожлантириш ва тижоратлаштиришнинг асосий кучи ва унинг заиф томонларини, шу билан инсонлар учун катта аҳамиятга эга тасирларини очиқ берди.

Калим сўзлар: брендлаш, тижоратлаштириш, ФИФА, футбол, даромад, мухлис, трансфер, УЕФА, қоидалар.

Introduction.

Football commercialization denotes the collection of economic and financial activities that are linked and fully associated with the main football outcome. As a result, contribute to increasing the value and importance provided to the final football consumer. Before, the professional clubs desired only to entertain the fans with the sport success but not concern about maximizing the profit of the club. Actually, football had turned into a business since 20th century, with the formation of the national leagues on professional level and international platform as FIFA. To some extent, football was taken already a commercial product before the Second World War everywhere in Europe. After 1990's, there has been a huge and dramatic economic development in the football industry, thus, most professional football clubs

have been formed as corporations. Likewise, in modern football, commercialization is required for clubs so that they can stay financially strong and competitive. In professional football, the key role of financial capital has taken into account with great importance. However, football supporters are regularly show their dissatisfaction regarding the changing culture of the clubs rapidly due to this financial development. As Professor Erik van den Berg described: Individual football players cannot be seen as performing in a vacuum, as football is a team sport. Football is the most popular sport globally, and produces some of the most recognizable international superstars [1]. Yet, the sport is simultaneously one of the least individualized sports, as it is difficult to ascribe football team performance to identifiable and discrete qualities or actions of individual athletes.

The football transfer system is one of the considerable parts of business in football, which has been practicing since many decades. It is considered as the most significant apparatus to redistribute capitals and resources in the football business. However, there have been some changes since its initial phase, the foremost features of transfer system are transfer fees and has been force for years. In the history, the transfer system was drawn to a clause introduced in the regulations of the English Football Association, which was in 1885. Basically, it required all players ought to be registered annually with the Association. A Belgian professional football player appealed in 1990, that the Belgian Football Federation and UEFA-FIFA transfer rules had forbidden his transfer to a French club, US Dunkerque. He took a significant action against it and later against the Belgian Football Federation and the UEFA. Gradually, this system was taken as important factor in assisting to build teams that could make both sporting and financial success in football industry. It seems that the EU has examined the validity of transfer system. Firstly, in order to evaluate the validity of current transfer system, it is important to take the issue from the preliminary point that it is a common mechanism, which regulates the movement of players among clubs. FIFA is the only unit that has formed a fundamental agenda for global transfers and facilitates to the national association. The current transfer system is formed in such a way that allows redistribution between clubs. Indeed, the countries which generate top players provided players to other countries, with a net outflow of 1,054 players, and redistributed money of approximately 1 billion US dollars to the rest of the world during the 2-year period of analysis (seasons 2011/12 and 2012/13). Similarly, redistribution also appears from a major five European leagues' perception. In a general, the current transfer system has enhanced the competitive balance in European football.

Findings of market.

The major European football clubs have been anticipating finding a new solvent markets as commercialization has taken place. It is also quite substantial to search new markets in the world to have smooth transfer of players. Football business has been amending its structure from various corner since many decades and reached in the maturity phase. The professional clubs are always focusing on grabbing the potential market so that they can expand their source of income. In Europe, among five, three key football markets are dependable on television rights that denotes about more than 50 per cent of the Spanish, French and Italian clubs' income. Now, these clubs have felt that it is not worthy to be dependent on the income from the TV rights or the ticket income. For the real and long-term growth, the European football clubs have made the marketing plan to include the South-east Asian countries since they consist of high purchasing power. Similarly, the population is also excited and passionate about football along with super- consumer of merchandise. The foremost goal to find new potential market by top European clubs is as follows: -

- To consent clubs to grow merchandising sale.
- To increase media rights income through TV and Internet
- To assist sponsoring contracts.
- To strengthen global awareness of the major clubs.

Apparently, there have been an increasing number of Asian players in the different European football clubs since last couple of years. Especially, England, Italy and Germany have Asian football players. The European clubs have captivated the Asian media especially TV channels by signing the Asian players in their clubs. For instance, for example, the first games of Lie Tie and Sun Jihai [2] in the English Premier League were broadcast in more than 700 million Chinese homes (La Lettre de l'Economie du Sport 27 November 2002). The European clubs want to make good image in Asian countries like Japan, China and South Korea. All players are considered as profitable marketing tools and are tend to facilitate strong commercial relationship with a fixed market. The major clubs desire to improve a strong base of Asian consumers so that they will spend huge money on buying caps, shirts or scarves. In 2002 World Cup, the 'discipline' and the high purchasing power of Asian fans and supporters created some incredible merchandising sales.

Transfer Markets in Football.

The Union of European Football Associations (UEFA) provides an indication of the European football market yearly. Additionally, every year Deloitte broadcasts its Annual Review of Football Finance [3] that describes the real picture of football market in Europe. For example, they publish information regarding player transfer, player salaries, transfer fees, league structures, financial results, competitive balance, balance sheets etc. There has been a dramatic reformation in the organization of the players' labor market especially in English football since the early 1960s. The major turning point was in 1995 European Court of Justice (ECJ) ruling in the Jean-Marc Bosman case [4]. Some important output or the major consequences were widely recognized throughout the Europe. For instance, the attractive wages to the super star players and escalation in the benefits and allowances. However, the events of reformation vary between the countries, the same trend was considered worldwide for long period. In recent years, the act of globalization of the players' labor market has been accelerated dramatically. More precisely, the major professional football oriented nations in EU are focusing the trend of globalization as a consequence of the Bosman ruling. According to the Bosman ruling [5], there is the principle of free agency with no transfer fee billed if there is an out-of-contract player of aged over 24 who changes club. Even though the European Commission has recently declared the system of reforming the present transfer system, the transfer deal for in-contract players is still ordinary in the world. In fact, the main reason to introduce free agency in the transfer market of football is to gain incentive for a club to sell a skilled player while he is still in-contract so the club can receive a fee. As players are considered the most important capital of the clubs so, player transfers are huge investment. In transfer market, agents also have a broad role in player transfers. Besides, they also make the strong network to fulfill the vacant place within the player squad of a club. Therefore, FIFA is now revising the entire player agent's system. According to the agent while transferring the player there are three factors that determine the transfer. They are as follow: -

1. If the interested club make approach to the current club of the players.
2. If the current club of player make approach to other clubs since they did not perform well.
3. If a player is ended up with the contract and desire to join new club.

Economics of Player Transfer.

Basically, the validity of transfer fees and the any related factors of transferring of players are examined or analyzed in terms of two major approaches. They are cost-based approach and talent-based approach. From the history, talent-based approach has been prevailed in the transfer world of football. It is quite worthy that talent and skills of the players have been focused. Indeed, talent is extensive part in determining the real value of players. However, cost based approach has created some troubles in the dealings in the business and creates the irregularities between the value and price of players in the market. Actually, the real dissimilarities between value and price of the players arise from some factors.

They are as follows: -

i) A player's value is not only bound on the ground or pitches which playing, but there might also be the economic price or value like: - commercial impact, image etc. ii) The strong negotiating position is possible only by players. The study portrays about the total transfers in football was approximately three billion euro in 2010/11. Moreover, the study also shows that number of transfers in the Europe with value between 1995 and 2011.

TABLE . (adopted from CDES based on data provided by FIFA and CIES)

Year	Number Of Transfers	Value (in Euro)
1994-95	5735	402 869 000
1999-2000	8531	1 704 603 000
2005-06	15952	1 952 066 000
2010-11	18307	3002 198 000

The study shows that there is a dramatic division of labor market in European football along with its economic development. It also shows that the marketplace is not a place of clean and fair competition created on the economic literature. The market is formed of three main parts with different assemblies.

They are as follows:-

A) The higher primary market has limited number of clubs and players. It has a controlling structure. The players have a whole market power on such market. There will be highest transfer fees and the highest wages.

B) ii) Whereas, the lower primary market has less number of players but large number of clubs. It has an oligopolistic structure. On this market, players have less market power and highest wages cannot be perceived.

C) Finally, the secondary market has oligopoly structure and consists of limited number of clubs. On such market, clubs have strong market power in defining the prices like wages, transfer fees etc.

As an overall, the market is lacked from an important awareness that a limited number of clubs having largest incomes and also have great support from investors economically can be the most important part of transfer expenditures. However, this situation can lead to many complications.

Rules and Regulations of Player Transfer.

Professional transfers of players are controlled by a complex set of rules and regulations, which are formed by the sport's governing organizations. The laws or rules create standardization at international level by the help of international sports institution like FIFA. The transfer environment is surrounded and focused by the layers of rules and regulations in order to consider their interactions. In the sense to maintain fair and balanced competition, free movement of players is restricted under various important transfer rules. Initially, the Bosman ruling assists to change transfer system in professional games. Later there was an informal agreement between FIFA, UEFA and the European Commission that recognized and gave the new FIFA rules on transfers of players [6].

Transfer rules play a significant role in governing the football in systematic way. They influence regulation over following: -

- They promote the youth development.
- They also focus on fair play with discipline manner and redistribution mechanisms.

Moreover, procedures and practices that ensure the principle of fairness in football competition can be related to the following: -

- The time of players while transferring.
- Contractual firmness between players and clubs.
- The mobilization incomes and revenues between clubs, which is considered as a solidarity tool and youth development.

- In order to prevent from misuse and abuses, monitoring of transfer transactions and clubs' financial accounts is done.

Likewise, countries such as Hungary, Bulgaria, Greece, and Lithuania have also follow the trend of transferring legally. Thus, they have recognized legal provisions for transfers of players. Besides, Italy, Spain, Portugal and Belgium govern transfers by different rules related to the employment of sports professionals. Some public laws have been intending to allow sporting bodies to legalize certain tasks like transfers without any complexity. In addition, there has been an agreement between the European Commission and the international football association for the amendment of transfer system since 2001 [7]. The Agreement made in 2001 has created an intense improvement of the transfer system in football industry through FIFA rules. There has been improvement of the transfer system and regulations concerning the following points: -

- Players under 23 should be provided training compensation while transferring.
- The trend of one transfer period per season and then restricted to mid-season opening.
- The period of contracts must be minimum of 1 year and maximum of 5 years except the authority provides by the nations' legislation.

FIFA regulations on the transfer of football players.

The European football has been amending itself frequently to become the part of commercial topic. Nowadays, it has been revealed that football clubs are changing more and more into globalized business corporations. According to Croci&Admirante 1999, clubs have become more publicly owned standard companies and Giulianotti& Robertson 2004, consider modern football clubs as global transnational corporations. Basically, Football clubs are using commercial strategy to build up their fame, structure and their proficiencies by keeping entertainment for the audience side by side. From history to current decades, the football game has become not only game but also the huge business association where every successful investor is quite captivated about it. The charm and the popularity of the game have made easy pathway to lead towards the commercialization in short period. Above, it has mentioned that the football clubs continually chase to extend revenues from various sources such as broadcasting, merchandising, sponsoring so that they can interest the better in order to be able to attract better football players.

Transfer restrictions specific to the UK.

As any labor market in the UK, the football labor market is regulated through British law. Hence, British regulators have imposed restrictions that make the British transfer context unique, and have a significant influence on the mobility and valuation on several groups of players in the transfer market. In order for non-EU players to qualify for a work permit, they either need to have played in 75% of all international games for their country in the last two years, or qualify as being 'able to contribute significantly to the development of the game'. This is an important restriction on international transfers to the UK, as many players (especially young talents) do not (yet) meet these requirements. As such, the rule would appear to limit the inflow of young talent into the English Premier League. Yet, English clubs

circumvent this restriction by contracting young players and temporarily loan them to foreign clubs, until they qualify for a work permit. Still, this procedure is inconvenient, as clubs have no control over and benefit from the player for some time. As such, the rule would appear to impose a premium on EU-born players, who do not need to qualify for a work permit.

The recruiting and protection of youth players has also developed into an important issue in international football. Under FA regulations (Rule C3) [8], minors from 14 years onwards may be offered 'scholarships', thus ensuring their registration to the club. At the age of 16, they may sign their first contract in professional football. This arrangement cannot be seen apart from UEFA rules regarding the use of 'homegrown players' (a player qualifies as 'homegrown' if he has played at the same club for at least three years between the ages of 15 to 21) by clubs. Prominently, UEFA has decreed clubs to include at least eight homegrown players into their 25-man Champions League or Europa League squads. Hence the controversy over the recruitment of youth players, as richer clubs now set their sights on luring young talent away from other clubs, ensuring their talent stream is in compliance with UEFA rules. This last provision is reviewed by a special panel of the FA, and it is difficult to qualify for, see Governing Body Endorsement Requirements for Players Application for a GBE [9]. This relatively young age has proven to be an advantage to English clubs in attracting youth players, as they can offer financially attractive packages at a relative young age in comparison to other European clubs. With regard to the recruitment of players, clubs are not allowed to directly approach players under registration with other clubs, without permission of the latter. On the subject of youth players, clubs are not allowed to approach youth players under the age of 16. Inventive financial constructions are also restricted, as clubs are not allowed to do business directly with 'third parties' (parties that are not clubs) in relation to player registrations. Furthermore, clubs need to make sure that third parties do not hold any registration or economic right on acquired players. However, this has not stopped players from being used as investment vehicles on several occasions. A striking example is the transfer of Argentinean players Carlos Tevez and Javier Mascherano to relegation-bound West Ham United [10]. They were placed at West Ham by investment company MSI, which held a significant proportion of the players' transfer rights. After one season, West Ham indeed relegated and were fined £5.5 million by the FA, and Mascherano and Tevez were transferred to Liverpool and Manchester United respectively.

It is apparent that the player transfer environment has become ever more complicated. Although the Bosman ruling [11] appeared to create freedom and simplicity in the football industry, many limitations on the mobility of players still exist. The huge sums of money involved in player transfers have attracted many parties trying to benefit from player talent, prompting the FA to install rules restricting inventive financial constructions (third party ownership). Hence, the player transfer market has become a complicated market place, one that we hope to dissect properly.

As we are aware, there are lots of confusing situations, unclear regulations on transfer relations between local clubs of Uzbekistan Super and Pro league. Professional players do not fully understand clauses of contracts they are given by their present and future clubs. And at the end there will be some serious issues rising in dealing with transfer relations between clubs.

And, there is no clear definition for football agents or intermediary activity, their rights and obligations. Some clubs still do not want to speak or deal with any club or intermediaries, which at the end only the ones who suffer will be players.

As a conclusion, we could give suggestions as follows:

1. To create an atmosphere where it gives to organize football player transfers transparently and make their movements freely, relying on FIFA transfer regulations, through learning acts and experiences of other more developed football countries such as England, Spain, France, Germany.
2. To provide a better conditions for intermediaries in order to comply with the requirements of FIFA regulations on Working with Intermediaries [12].
3. There is a lack of regulatory acts and legislative acts which regulate sports activity, field, transfer relations in the territory of Uzbekistan, so that shows our legislative body and other relevant bodies should increase their focus on this field.
4. And finally, the issues surrounding contractual relations of football clubs and players, third party ownerships not getting any better these days. No person can get reliable information on transfer deals being concluded among clubs, players, and intermediaries. There should be concrete mechanism that provides clear understanding and impression on player transfers, in order to give fans, supporters and people who carry out research studies to inquire information for their own use.

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