

## **A product called World Cup**

**FIFA is earning billions with the World Cup. That is why it has to be treated like other transnational companies (TNCs)**

The kick-off of the FIFA World Cup in Brazil was accompanied by vocal protest demonstrations. Yet, after the first matches, there could be no doubt at all of the Brazilians' love of football. So are opponents of the government jumping on the bandwagon of an international sports event in order to draw attention to national policies?

The protests relate specifically to decisions and action taken in the lead up to the World Cup. At least 170,000 people lost their homes due to the building or renovation of stadiums, roads, airports and other infrastructure projects. Thousands of families were forcibly resettled in primitive huts without electricity and water, commonly known as "microwaves", as they heat up intolerably under an unrelenting sun. Every such forced removal is very disruptive for family life, and of their housing and working conditions.

This happens regularly with every mega sporting event. For the 1988 Olympic Games in Seoul about 720,000 people were resettled, and for the 2008 Games in Peking it was over a million. Studies show that such uprooting strongly increases the risk of families falling into dire poverty and it is a threat, in particular, to children's development.

Another reason for protest is the banning of street dealers around the stadiums. As happened in South Africa at the last World Cup, FIFA only allows licensed products from its own sponsors to be sold inside the stadium precincts. That creates hardship and poverty and is a foul for tens of thousands of families, who are prevented from making their small but relevant contribution to the survival economy of the low-income majority of the population. "Cleaning up" campaigns are particularly dangerous for street children. In 2010 in South Africa children and young people living on the streets were rounded up before the World Cup and taken to camps where they were exposed to violence and sexual abuse.

Estimates of the total cost of the World Cup for Brazil's public budget lie between EUR 6.5 and 9.8 billion. That corresponds roughly to the sum spent in the whole of 2013 for Brazil's social welfare programme *Bolsa Familia*, which supports 50 million people. By way of comparison with Germany: the lowest figure cited above of EUR 6.5 billion corresponds to the total annual budget of the Federal Ministry for Development and Economic Cooperation, i.e. the annual sum of all Germany's international development aid.

These facts make it necessary to take a closer look at the host in Brazil – and that is FIFA. The basis for planning and holding the World Cup is a list of requirements that the Brazilian government and FIFA signed when concluding their agreement. The Brazilian government thereby committed itself to FIFA regulations. FIFA is, in turn, the owner of the global brand FIFA World Cup®. Its income is derived from transmission rights and from sponsoring, licensing and advertising contracts. Direct profits from the FIFA World Cup do not benefit the host country but accrue to FIFA itself – tax-free, since FIFA is non-profit

organization under Swiss law and is thus exempt from paying taxes. At the last World Cup in 2010 it generated revenues of about USD 3.5 billion.

FIFA is therefore a global group with a soccer World Cup “product” worth billions, which allows it to operate as a transnational company in the guise of a sports club. Two aspects of this business model are unique, i.e. the complete financing of the infrastructure by the host country and the complete freedom from accountability and sanctions for the social costs entailed. It is high time that FIFA was treated like what it is – a TNC with responsibility along the whole value chain of its product, the FIFA World Cup©.

In practical terms, this means that FIFA must respect and implement the same rules of corporate responsibility as are expected of other international companies. Just as garment retailers bear responsibility for the production conditions of their suppliers, this must also apply to FIFA and its World Cup product. That would mean compulsory taxation in the countries where the matches are played but, above all, shared responsibility for the repression of street children, for people uprooted by forced evictions, and for the workers dying on the building sites of the planned World Cup in 2022 in Qatar. By no means should the governments of Brazil or Qatar be released from their responsibility, of course, but FIFA in its double role as client and vendor must be called to account for the “production conditions” of its product, the FIFA World Cup©. Comprehensive human rights and social standards should be a mandatory part of every contract with the host governments, along with independent monitoring and sanctions in the event of non-compliance. How wonderful it would be if mega sporting events such as the soccer World Cup could contribute to social inclusion and to promoting the sustainable development of the host country – both socially and economically.

So that children and impoverished population groups do not just feature as security risks in the planning of mega sporting events, remaining invisible after they are over and paying a high price for years, terre des hommes has launched the project *CHILDREN WIN – Changing the Game of Mega Sporting Events*. Its aim to guarantee a comprehensive protection of children’s interests in respect of mega sporting events – primarily the FIFA World Cup and the Olympic Games.

On 11 March 2014, FIFA President Sepp Blatter announced that FIFA would give greater consideration to the human rights situation in the candidate countries for hosting future World Cups. Good news, but it does not go far enough. It is time that FIFA put its own house in order and began to remodel its irresponsible and anachronistic business model. That, too, is the message of the protesters in Brazil.

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