

# THE IMPACT OF THE COVID-19 CRISIS ON THE SPORT SECTOR IN THE EUROPEAN UNION

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# IMPORTANCE OF SPORT IN THE EU ECONOMY

- Sport is an important economic sector in the EU, with a share in the national economies, which is comparable to agriculture, forestry and fisheries combined.
- The sport industry's economic and social strengths as a tool to tackle the economic crisis caused by the COVID-19 pandemic should not be underestimated.
- Research results<sup>1</sup> indicated that sport-related GDP was 279.7 billion euro.
- This equals 2.12% of total GDP in the EU.

# IMPORTANCE OF SPORT IN THE EU ECONOMY

- Every 47th euro is generated by the sport sector.
- Sport is employment intensive, meaning that it generates more employment than its share in GDP.
- Sport-related employment in the EU was 5.67 million persons. That equals 2.72% of total EU employment.
- Every 37th employee works in the sport sector.
- Sport uses more intermediate goods than an average sector, and thus generates important revenues in other industries.

# The impact on sport sector

- The COVID-19 pandemic is having a serious impact on the sports sector in the EU.
- Cancellations of major and smaller-scale sporting events at different levels and the loss of local sponsors and membership fees, among other things, will hit the revenues of sports organisations and clubs hard, especially at grass-roots level.
- **Examples:**

# The impact on sport sector

- Many small sporting organisations and clubs are being forced to lay off their employees and their future is very uncertain.
- This can have a very severe knock-on effect on the future of grass-roots sport in Europe and may put the opportunities to engage in sports activities at risk for everyone in Europe.
- As physical activity is crucial for mental and physical health in times of crisis, this would exacerbate the situation even further.

# Main issues for the sport sector currently observed by the stakeholders

- **Athletes** have not only lost a season and thus certain financial benefits, but also their coaches and their ability to train and compete, with implications for their income. For some, this represents the loss of an opportunity to gain in status and secure funding from private (sponsors) and public sources as well (on local, regional and national levels).
- **Athletes** do not receive financial support (e.g. scholarships, traineeships) because of the fall in sport organisations' revenue.

# Main issues for the sport sector currently observed by the stakeholders

- **Cash flow difficulties:** organisations have fixed costs that they have to pay regardless of the loss of revenues.
- **Unemployment:** layoffs of employees, athletes, coaches and other workers, especially those whose salaries depend on the above-mentioned income sources; none of the jobs in the sport sector are safe.

# Identified Action Plan for Sport Promotion of a More Resilient and Sustainable Europe

- These unique circumstances, beyond all the harm and sadness they bring, are also an opportunity to innovate, to rethink policies and to reassess priorities in the long run.
- It is crucial to support and stimulate a sustainable sport sector (both public and private) in the context of the *European initiatives Support to mitigate Unemployment Risks in an Emergency<sup>4</sup> (SURE), Coronavirus Response Investment Initiative<sup>5</sup> (CRII), and Coronavirus Response Investment Initiative Plus<sup>6</sup> (CRII+)* as well as other initiatives at national and European level.



# Support measures



- Ensuring the sport sector is eligible to funds for the protection of jobs, employees and self-employed against the risk of dismissal and loss of income.
- Lightening the rules relating to state aid, as is already the case in other sectors, with a view to allowing tax breaks for entities and organisations that promote sport activities.
- Stimulating innovation programmes (industrial modernisation) for sport enterprises to address the current societal challenges.

# Support measures

- Providing loans to ensure the liquidity of sport clubs and other associations through existing EU financial instruments (e.g. European Investment Bank) or newly created instruments as a response to this crisis.
- Redirecting certain EU and national funding streams and notably the European Structural and Investment Funds towards actions promoting the wellbeing of citizens including through sport and physical activity.
- Setting up public and private solidarity funds for grassroots sport clubs and associations and their employees, including outsourced coaches and freelancers – self-employed persons.