

Position paper on the impact of the COVID-19 crisis on the sport sector

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 results¹ indicated that sport-related GDP was 279.7 billion euro. This equals 2.12% of total GDP in the EU. **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.

Therefore, governments should have a special interest in protecting jobs in sport as an industry with a strong economic impact in terms of employment and its share of GDP. The associated social benefits of sport will contribute to the rebuilding of European societies during and after the crisis.

Also, the SHARE initiative² has been a steadfast advocate of the relevance of sport for regional development through its impact on a number of key policy areas such as innovation and research, social cohesion and inclusion, territorial regeneration and attractiveness or environmental protection, in particular as an effective means of attaining the objectives of EU Cohesion Policy and the European Structural and Investment Funds. It has produced several papers³ highlighting the important contribution that sport and physical activity can make to achieve these objectives.

Impact of COVID-19 on sport

The COVID-19 pandemic outbreak has affected the EU and its Member States in a sudden and dramatic manner with an unprecedented impact on the health and daily life of European citizens. The sport sector, including those who have dedicated their lives and often businesses to promoting health through physical activity, is profoundly worried about the wellbeing of people affected by the pandemic outbreak. The sport sector is eager to make its contribution to the revival of what was once considered a normal way of life. Sport can help individuals and societies to soften the negative effects of the crisis on their lives through mechanisms that can contribute to people's health, socialisation, education and a general sense of wellbeing. In addition to its disastrous short and mid-term health impact (including inactivity, mental health risks linked to loneliness and anxiety), the pandemic will also have extraordinary long-term consequences on people's daily lives, health, and generally on societies and many sectors of the economy, especially service sectors, e.g. tourism, food and accommodation services, transportation, and – sport.

Mobility restrictions and lockdown have struck the sport sector to the core. Grassroots sport has been affected the most but so has been the professional sport and the entire sport industry and its stakeholders: athletes, coaches, instructors, administrators (employees in sport organisations),

¹ <https://op.europa.eu/en/publication-detail/-/publication/865ef44c-5ca1-11e8-ab41-01aa75ed71a1/language-en/format-PDF/source-71256399>

² https://ec.europa.eu/sport/share-initiative_en

³ <https://keanet.eu/projects/>

volunteers, competition officials (e.g. referees, delegates), businesses, especially micro and small businesses (e.g. fitness clubs, gyms, retailers, event organisers, marketing agencies, sport equipment producers and renters).

European sport largely relies on a fabric of small clubs and associations which play a key role in allowing so many citizens to take part in affordable sport activities and to enjoy sport and physical activity on a daily basis. These small clubs and associations are the backbone of European sport. However, being non-profit by nature and thus without any reserves, they work in precarious conditions often, driven by the support of passionate volunteers and employees. In sport, especially at grassroots level, this economic crisis will result in the bankruptcy of associations and clubs, as is already happening, that promote physical activity and offer affordable sport activities to citizens across Europe. Consequently, the sport sector is also set to face an unemployment emergency. These smaller European grassroots associations are at the greatest risk of shutting down due to the crisis, which could have a number of long-lasting impacts on the economy and society. This will endanger the future of all grassroots sport in Europe.

These are the main issues for the sport sector currently observed by the stakeholders:

- *Lost revenue*: organisations unable to provide their services to citizens, especially at the time of the year which marks the beginning of the season for most sports i.e. the time when they organise training and competitions, raise money through tournaments, organise events, seminars, training camps, races, etc. They have also lost a significant part of the regular income that comes from different types of fee, e.g. membership, licensing, participation or subscriptions.
- *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.
- *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.
- *Freelancers - self-employed persons* often operating in the gig economy, who are no longer able to provide services (e.g. trainers) have fallen under the radar when it comes to different types of public support for the preservation of jobs in enterprises.
- Organisations *have lost a significant part of their unpaid workforce*, i.e. volunteers who are restricted to their homes or have limited mobility.
- *Industries that are directly and indirectly related* to sport are seeing that a lot of the current business models are failing and feel the need to change their business strategies over both the short and long term. This affects a large number of jobs and entrepreneurs.

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. The present-day crisis urges us to address priorities linked to health, resilience to disease and physical fitness. Sport and physical activity contribute to making societies and EU citizens more resilient. In the middle of a pandemic, the contribution of sport to preventive health care becomes increasingly important. Furthermore, sport clubs and associations are deeply embedded in communities and are excellent at engaging with people

from widely differing backgrounds. With their position in community life, these organisations therefore have a significant role both in mobilising society to face health threats and in leading the re-launching of social and economic activity once the lockdown period begins to ease up. Stopping the spread of COVID-19 may cause unprecedented changes to daily routines but ensuring the health and wellbeing of EU citizens through it all remains of the utmost priority. That's why investing in sport and health-enhancing physical activity is more important than ever. In order to achieve a sustainable, healthy Europe, sport and physical activity must be brought into the heart of all policies.

In these exceptional circumstances it is important to **establish quick and adequate support and a clear action plan** to mitigate the adverse impacts of the current COVID-19 crisis on the sport sector. Member States are currently discussing possibilities to reallocate some of the European Structural and Investment Funds to address the consequences of the crisis. **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*⁴ (SURE), *Coronavirus Response Investment Initiative*⁵ (CRII), and *Coronavirus Response Investment Initiative Plus*⁶ (CRII+)** as well as other initiatives at national and European level.

Support measures should notably include:

- 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.
- 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.
- Creating *new funding opportunities* as innovative ways to promote sport and physical activity in times when people are restricted to their homes⁷.
- Helping *schools and physical education teachers* to continue training pupils through digital means that are effective and safe (and stimulate innovation), i.e. through funding, guidelines, best practice cases, internet price concessions.
- And ultimately, stimulating a *healthy active lifestyle in the working population*, both those working at home and at the office by introducing innovative solutions to stimulate physical activity.

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2020%3A143%3AFIN>

⁵ https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response/

⁶ https://ec.europa.eu/regional_policy/en/newsroom/news/2020/04/04-02-2020-coronavirus-response-investment-initiative-plus-new-actions-to-mobilise-essential-investments-and-resources

⁷ For example Sportska televizija (open-air channel of the NOC of Croatia) is broadcasting a school programme including physical education for grades 5-8 in primary school, producing TV shows where people are encouraged to actively join the exercise session on TV which is sometimes led by the an elite athlete, or producing a specialised taekwondo training which was created for athletes by the National Federation Taekwondo and top coaches, etc.

Signatories of the Position Paper on the impact of the COVID-19 crisis on the sport sector

SHARE initiative members:



Other sport organisations:

