

Sport organisers play high-stakes game

Roger Blitz

There are many people who believe New Delhi's Commonwealth Games fiasco has dealt a mortal blow to India's chances of staging the Olympics, but the International Olympic Committee is not among them.

When asked if India could host an Olympics, Gilbert Felli, IOC executive director, says: "Yes, why not?"

Athletes' accommodation described as "filthy" and facilities collapsing have been a public relations nightmare for India. But they have also thrown into question the increasing desire of sporting organisations to stage events in large emerging economies.

The most recent large sports event, the World Cup finals in South Africa three months ago, was a success, but only just. Sepp Blatter, president of Fifa, world football's governing body, said on the day after the final that awarding the tournament to South Africa was a "question of trust".

That trust was tested in the preparatory years as Jerome Vacke, secretary-general of Fifa, revealed in May. "There were days where you asked the question about how we will succeed."

Sports executives say awarding events is about balancing the benefits and burdens for the chosen host city and the organisation. Mr Felli says: "We always try to understand how the emerging countries, at the time they receive their games, can fulfil the task of organisation so that the reputation will be good for us and for them."

The selection of Rio de Janeiro in Brazil to host the 2016 summer Olympics was an example of the IOC choosing a city on a continent "where we have never been before", Mr Felli says.

Sponsors' imperatives are also a significant factor in deciding where events are held. Karen Earl of the European Sponsorship Association says: "Having proved [the] effectiveness [of sporting events] in connecting successfully with consumers in existing markets, companies are keen to use sponsorship in order to drive awareness in new, sizeable emerging markets."

In spite of the costs and risks, global coverage of the Olympics, the World Cup and Formula One motor racing means there is no shortage of emerging market countries eager to stage such events. They regard hosting them as proof of their emergence on the international stage and an opportunity for important infrastructure investments.

The IOC scored a significant success with the Beijing Summer Olympics in 2008 and played safe by giving London the 2012 games but it is taking more of a gamble with Sochi, in Russia, venue of the 2014 Winter Games, and Rio.

Sochi's main port for building materials was destroyed by a storm last December and remains in ruins. The Kremlin is losing the support of locals who say they are being compensated insufficiently for land on the site.

Previous Winter Olympics have cost between \$1.5bn and \$3bn, but Moscow says it will have to spend \$14bn, and experts expect a final bill of more than \$30bn.

Dmitry Medvedev, the Russian president, had to open an investigation last month amid allegations a senior official had taken \$5.7m in bribes in exchange for Olympic contracts. Russia's sports and tourism ministry is under investigation by the general prosecutor for taking Rbs230m (\$7.5m) of the training budget for athletes in the 2010 Vancouver games.

Brazil, which hosts the next football World Cup, in 2014, in addition to the 2016 Summer Olympics, also has much to prove. When it bid for the 2007 Pan American Games it promised 57km of metro and a light railway. Not one kilometre was ready in time for the event.

While Brazil's stadiums appear adequate, the surrounding infrastructure is not. A lack of hotels led organisers to propose cruise ships be used instead. The city's main airport is antiquated and needs to upgrade two runways, build two satellite terminals, two more car parks and a cargo and logistics facility.

Fifa is weighing its options for the 2018 World Cup. England and Russia, the bookmakers' favourites, offer contrasting choices.

Russia would offer Fifa an uncharted and sizeable population but would have to spend large sums on stadiums, transport, public utilities and accommodation in 13 cities while London would be a safe choice.

The award of such events is partly about power politics, says Stefan Szymanski, professor at the Cass Business School in the City of London. "Since developing countries are in the overwhelming majority in [the organisations'] voting systems, the incentive to hand out events to these nations is significant," he says.

F1 has looked to emerging markets to exploit sponsorship opportunities, and New Delhi will next year stage its inaugural grand prix. But Bernie Ecclestone, F1 commercial supremo, is less worried about that event than about next month's South Korean race, having warned the track has yet to pass a safety inspection.

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