

[Return to Article](#) | [Print this Page](#)

Offside trap could catch FIFA's blatter

Business and Finance - Ireland, Jun 7, 2001

Page 18

The collapse of football's world governing body, FIFA's marketing arm, ISL, has placed FIFA president, Sepp Blatter in the spotlight and could impact on which television viewers see what games at next year's World Cup finals in Korea and Japan.

By Eoghan Corry

IT WAS Henry Kissinger who said that negotiating with FIFA made him nostalgic for his days in the Middle East. Delegates to next Tuesday's meeting of the FIFA executive committee might agree as they try to sort through the mess resulting from the bankruptcy of their marketing agents for the 2002 World Cup, International Sports and Leisure, (ISL).

ISL's parent company ISMM collapsed last month with debts of IR 300m. It had suffered a slow demise, having been ordered to start bankruptcy proceedings by a Swiss court in April, and had a takeover invitation turned down by Paris-based media group, Vivendi-Universal. The German TV company, Kirch also turned down an invitation to take on ISL's non-European rights.

Now FIFA will market the World Cup rights itself, after sustaining a loss of IR 50m and taking 65 ex-ISMM employees on to its own payroll. Whether it can complete the sale of ISL's world cup rights in South America, Africa and Asia between now and kick-off remains to be seen.

This bankruptcy is particularly embarrassing for FIFA president Sepp Blatter, famous in Ireland for his bombastic references to Irish fans at USA '94 and his stipulation that Irish team players should not be allowed take water on the field in Orlando, during the lunch time match with Mexico.

Blatter and his predecessor Joao Havelange had negotiated the latest of a series of controversial rights deals with ISL, which began in 1982 and were to last until 2010. These terms are comparable only with Bernie Ecclestone's equally controversial 14-year TV rights deal with Formula 1 motor racing.

It was a lucrative arrangement, with no provision for escalators, profit sharing, or ancillary rights profits. FIFA sold their product to ISL, which then sold on the rights to sponsors and TV companies at a vast profit, without even telling FIFA how much of a mark up was made. Author David Yallop claims that ISL made more in profit out of the 1986 World Cup than FIFA's gross take for the tournament. Over the past 15 years, he estimates, ISL has taken between US 500m and US 1bn out of football. This time round ISL and Kirch agreed to pay FIFA IR 725m each as a minimum payment for acting as agents in sale of media rights, and extra profits were to be shared with the governing body.

In the meantime ISL had over-stretched itself with guaranteeing minimum payments to rights holders, promising the Association of Tennis Professionals US 1.2bn, and CART, a North American motor racing group, US 225m. It also lost its lucrative marketing rights to the