

THE BIG PICTURE

# China's Future with European Soccer

China still wants to lead in soccer, but its tactics are changing.

BY HANNAH REALE — APRIL 25, 2021



Granada's football club celebrating.

Credit: [Granada C.F.](#)

For many, China's influence in professional sports leagues was clear when Beijing [punished the NBA](#) in 2019 after an NBA executive tweeted about demonstrators in Hong Kong. But a couple years earlier, China began moving in on a different beloved enterprise: European soccer.

The Chinese government began a push for sporting dominance in 2014, and soccer is a key area where Xi Jinping, a soccer fan himself, [wants to lead](#). Over the past few years, teams in the Chinese Super League have paid hefty transfer fees to bring overseas soccer stars to play in China. Major Chinese corporations and wealthy individuals have acquired stakes and signed sponsorship deals with some of Europe's leading soccer clubs.

This week, *The Wire* looks at China's role in international soccer, zooming in on the players and clubs that companies have snagged along the way.

## Buying Players

In 2016, Chinese soccer teams spent hundreds of millions of dollars on transfer fees to bring talented players from Europe and Brazil to its national domestic league. <sup>1</sup> Clubs pay transfer fees to the former clubs of players that they're hiring when the player is breaking their contract to join the new club. But after a flurry of excitement, Chinese spending on transfer fees has dropped considerably.

The Chinese government has pressured its clubs to reduce that spending. One way it did this was to implement [a 2017 tax](#) on transfer fees, and a new salary cap that keeps the salaries of



Total spent by Chinese Super League (CSL) teams on transfer fees for men's soccer

foreign players below [\\$3.63 million](#), less than a sixth of superstar Oscar's [reported \\$27.5 million](#).

players.  
Source: [FIFA Global Transfer Market Reports](#)

Of the top ten foreign players, five were still playing for the Chinese team that they were transferred to during the last season. (Ramires Santos do Nascimento Ramires is now a free agent after the Jiangsu Suning team [ceased operating](#).) Some have retired or moved on to new teams. The two highest transfer fees were paid for Brazilian players Oscar and Hulk, who had been playing in England's Premier League and Russia's Premier League.

Here are the leading foreign players to sign transfer deals with Chinese teams.

Player	Chinese Team	Fee	Season
 <i>Oscar dos Santos Emboaba Júnior</i> Oscar	 Shanghai Port	\$66 million	2016-17
 <i>Givanildo Vieira de Sousa</i> Hulk	 Shanghai Port	\$61.4 million	2016-17
 Alex Teixeira	 Jiangsu Suning	\$55 million	2015-16
 <i>José Paulo Bezerra Maciel Júnior</i> Paulinho	 Guangzhou Evergrande	\$46.2 million	2018-19
 Jackson Martinez	 Guangzhou Evergrande	\$46.2 million	2015-16
 Cédric Bakambu	 BJ Sinobo Guoan	\$44 million	2017-18
 Yannick Carrasco	 Dalian Professional	\$44 million	2017-18
 Anthony Modeste	 Tianjin Quanjian	\$33 million	2018-19
 <i>Ramires Santos do Nascimento</i> Ramires	 Jiangsu Suning	\$31.9 million	2015-16
 Marko Arnautovic	 Shanghai Port	\$30.8 million	2019-20

Source: [Transfermarkt](#)

## Football Mania

While CSL teams were signing international players, some Chinese companies were investing in overseas teams. A couple of purchases in 2015, followed by a frenzy in 2016 and 2017, saw Chinese investors taking stakes primarily in English, French and Italian teams.<sup>2</sup> In early 2015, Dalian Wanda acquired a 20 percent stake in Atlético Madrid [for \\$56 million](#).<sup>3</sup> Chinese investors also bought big stakes in the owner of [Manchester City](#) and [Olympique Lyonnais](#).

Of course, China is far from unique in its pursuit of European club ownership. One fifth of the teams in the top British, Italian, and French leagues [have American investors](#).

But the deals have not resulted in long term ownership. Of the Chinese-owned teams that *The Wire* tracked, almost a third — 5 in 17 — have been resold or taken over by non-Chinese investors. Two others transferred to a different Chinese owner. And the owners of three other clubs — West Bromwich Albion, Southampton, and Inter Milan — are [looking to sell](#) their stakes.

# Chinese Investment in European Clubs



Map credit: [FreeVectorMaps](#); Sources: KPMG Football Tracker, [Nielsen](#), company filings, news reports

## Sponsorships

Many Chinese companies have also looked to international soccer to promote their brands. Chinese investment in European football via sponsorships more than tripled between 2015 and 2020. According to Nielsen Sports Sponsorglobe, sponsorship deals reached \$190 million in 2020. Chinese developer Wanda, for instance, partnered with FIFA [in 2016](#). VIVO and Hisense [both sponsor the UEFA](#).

Partnerships with individual teams, though, are more infrequent. Only five of the 237 companies that made front-of-shirt sponsorship deals across Europe's top leagues were with companies based in China, according to data from market analysis firm GlobalData. Those deals account for an estimated eight percent of the total front-of-shirt sponsorship deal value. The numbers may also be incomplete, says GlobalData Head of Sports Analysis Conrad Wiacek, because many of the Asian companies that sponsor European football teams are China-focused gambling companies that can't incorporate in China due to legal restrictions.

Still sponsorships involving Chinese firms are expected to climb. "Over the next ten years, we expect Chinese brands to be responsible for one-third of all growth in the global sponsorship market," Yang Zhou, Commercial Lead for Nielsen Sports China, told *The Wire*. "The football platforms will be leveraged by the Chinese companies to enter new markets, to increase fan awareness and improve brand image."



CITIC Group pays for Czech team Slavia Prague to show its logo on the front of their kits.

Credit: [Slavia Prague](#)

## Front-of-Shirt Sponsorships

	Hong Kong mobile provider <b>Three</b> sponsors Premier League's <b>Chelsea</b>	\$50.9 million*	The company and the club struck a three-year deal going into the 2020-21 season.
	Hong Kong insurance company <b>AIA</b> sponsors Premier League's <b>Tottenham Hotspur</b>	\$50.9 million	AIA has sponsored the club since 2013 and is contracted to sponsor them through the 2026-27 season
	Chinese gambling company <b>Fun88</b> sponsors Premier League's <b>Newcastle United</b>	\$8 million*	Fun88 first sponsored the club in 2017 and, in 2020, the two came to another "long-term agreement."
	Hong Kong company <b>Ausnutria Dairy</b> sponsors Eredivisie's <b>SC Heerenveen</b>	\$2.5 million*	Ausnutria and Heerenveen made a three-year deal in 2020.
	State-backed Chinese company <b>CITIC Group</b> sponsors Czech First League's <b>Slavia Prague</b>	\$1.3 million*	CITIC has been shown on Slavia Praha's kits since the 2018-19 season.

\*Sponsorship deal values estimated by Sportcal

Source: GlobalData

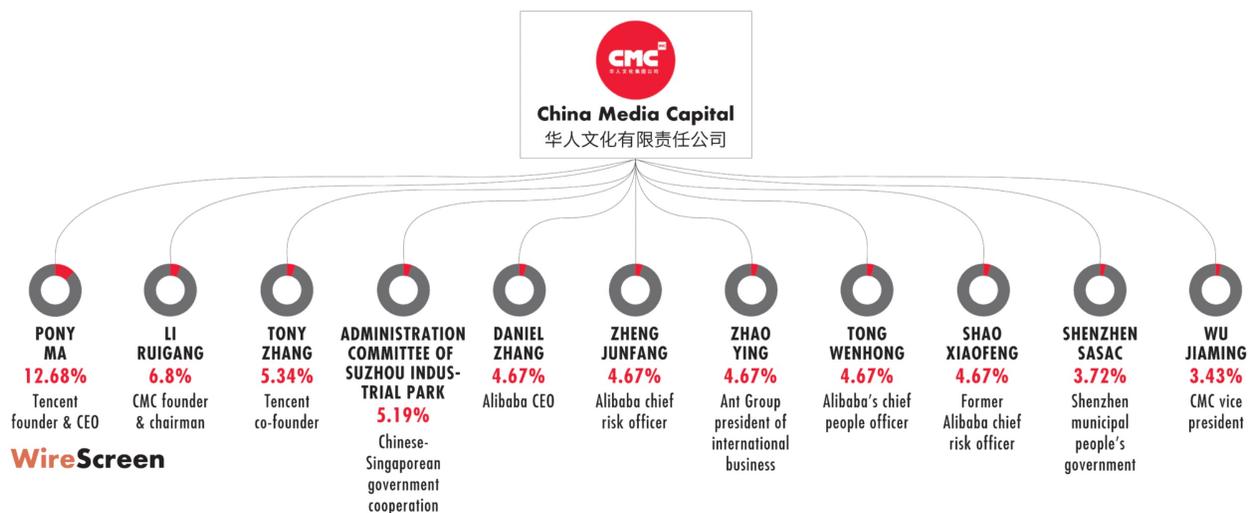
## Man City's CMC

China Media Capital, or CMC Inc, was designed to invest in entertainment and media. It led a consortium of Chinese investors to take a 13 percent stake in Manchester City soccer club's owner, City Football Group. Li Ruigang, the founder of CMC, said the company is considering a [listing in Hong Kong](#) within the next two years. Through its stake in City Football Group, CMC also has indirect [stakes](#) in Chinese, American, Belgian, Indian, Uruguayan, Australian, Japanese and Spanish clubs.

CMC has partnered with prominent entertainment companies such as filmmaker [Warner Bros](#) and [IMAX](#) to invest in entertainment movies, sports and video games. According to Pitchbook, CMC has \$4.5 billion in assets under management.

Among its backers are Alibaba and Tencent, China's biggest internet firms. The two companies are represented below in the ultimate ownership structure. <sup>4</sup>

Below are the ultimate beneficial owners of CMC. (Note that individual employees listed may be registered to hold shares to comply with Chinese rules and are unlikely to be the owners of those shares.)





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## Pole Position

BY EYCK FREYMANN

In public, Chinese diplomats and climate negotiators deny that they see any link between climate change and geopolitics. But there is a deeply cynical consensus within China's academic and policy communities that climate change creates geopolitical opportunities that China can exploit — and must exploit before its rivals do. Greenland was the proof of concept for this strategy. And it caught the U.S. flat-footed.

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BY GARRETT O'BRIEN

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BY ANDREW PEOPLE

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