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## SEMINAR

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## SEMINAR ON INTELLECTUAL PROPERTY AND SPORT

*organized by*  
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SPORTS AS AN INDUSTRY: ENHANCING THE COMPETITIVENESS OF THE  
JAMAICAN SPORTS CLUSTER

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**TOPIC: Sports as an Industry, Economic Contribution to Gross Domestic Product (GDP): Enhancing the Competitiveness of the Jamaican Sports Cluster. A Look at the Optimization of the Reputation of Jamaican Athletes as a Source of Economic, Social and Cultural Development**

I define the sport industry as the market in which the products offered to its buyers are sport, fitness, recreational or leisure related and may be activities, goods, services, people, places and ideas.

In keeping with this definition, sport has become one of the fastest growing global industries in the last thirty years.

The magnitude of the sport industry can be measured by the costs to host sport events, the revenue generated by sport events and the earning power of top international athletes. An examination of some of the figures will bear this out.

At the international level:

- It is estimated that the global sport industry is valued at over US\$400b.
- In some developed countries sport contributes about 2% of the gross domestic economy.
- In 2006 FIFA World Cup earned US\$2.4b from marketing and US\$892m from sponsorship.
- The revenues generated by the 2010 FIFA World Cup Finals were in the region of US\$5b from marketing and US\$2b from sponsorship.

At the personal level the following international athletes earned from fees in 2006:

David Beckham – US\$27m

Tiger Woods – US\$90m

Shaquille O’Neil – US\$30m

Ronaldino – US\$28.7m

Rodger Federer – US\$22m

The fees earned are separate and apart from what they each earned by way of endorsements.

Recently, Chelsea Football Club signed Fernando Torres formerly of Manchester United Football Club for £50m or US\$80m.

Sport is, therefore, no longer just a commodity for enjoyment. It is big business.

### **JAMAICA SINCE 2008 OLYMPICS**

Jamaica is extremely fortunate to be now ranked among the top sporting nations. From our exploits at the 1948 Olympic Games through the indomitable Arthur Wint and Herb McKinley, to the historical and heart-rending performances by the likes of Usain Bolt, Shelly Ann Fraser-Pryce, Veronica Campbell-Brown and Melaine Walker at the 2008 Olympic Games, Jamaica has stamped its class of athleticism on the international arena.

At the last Olympics, not only did the country come away with the largest number of medals, but also with three world records, one Olympic record, the clean sweep of the women's 100 meters medals and the clean sweep of all the sprint goal medals, except for the women's 4x100 relays.

Arguably, Jamaica's athletic achievements have resulted in Jamaica being able to shift the power of sprinting dominance from the United States of America to Jamaica. This remarkable achievement has led to a flurry of positive developments since then.

Since 2009 to date, five books have been written and published about sport generally and track and field specifically. These are; *Jamaican Athletes – A Model for 2012 and The World* by Patrick Robinson; *Sprinting into History – Jamaica and the 2008 Olympic Games* by yours truly; *Usain Bolt, My Story* by Usain Bolt and Shaun Curtis; *Jamaican Gold – Jamaican Sprinters*, edited by Rachel Irving and Vilma Charlton; *Sport in Jamaica – A Local and International Perspective* by yours truly, and *Seoul to Beijing – An Inside View of Jamaica in the Olympic Games* by Don Anderson.

There have been numerous seminars on sport – between last week and early May this year for example, there will be three, one focusing on, *The Science of Coaching* in Jamaica which was held on April 15, 2011; this one being held today on *Intellectual Property and Sport* and another to be held on May 5-6, focusing on *The Business of Sport*.

The area of formal education has not escaped the flurry of activities impacting sport. Apart from the G. C Foster College of Physical Education and Sport which has been the backbone of sport education in Jamaica since 1980, the University of Technology has now introduced a Bachelor of Science in Sport Sciences offering three options; The Art and Science of Coaching; Sports Athletic Training and Sport Management.

In terms of physical upgrade, the University of the West Indies in collaboration with Usain Bolt has been able to install a new synthetic running track and the National Stadium has also been graced with a new synthetic running track.

## **SPEND ON SPORT IN JAMAICA**

The fact that sport is no longer just a commodity for enjoyment is also manifested in the earning and spending power taking place in Jamaica. A brief look at some figures will help us to appreciate what is happening.

- The cost of the transfer of footballer Bibi Gardner some years ago from his local club to a club in the English Premier League was £1m – a sizeable amount for a small developing country.
- In 2007 components of all sport contributed approximately US\$225m or 2.6% of the country's GDP.
- The annual spend on sport in Jamaica is over J\$1b. This is inclusive of the over J\$400m allocated to sport by CHASE (Culture, Health, Arts, Sports and Education) through the Sport Development Foundation; another J\$200m by the Government and over \$400m by the private sector.
- In 2008, three Jamaican cricketers who played in 20/20 cricket matches in Antigua and Barbados were paid US\$1m each.

- In 2009 it was said that Usain Bolt was worth more than US\$20m in deals.
- The cost of organising the annual Boys and Girls Championship was put at J\$50m in 2011.
- The cost of organizing the JN Jamaica International Meet to be held here in Jamaica on May 7 is set at J\$120m.

It is clear that some of our sporting stars, particularly those who are able to ply their trade on the international stage, are being paid handsomely. This has significantly increased the commercial worth of our athletes as they find themselves being promoted by way of television commercials and their faces or names being emblazoned on all kinds of paraphernalia. This naturally gives rise to the question – how best should our athletes go about protecting, while benefiting financially, from their commercial worth? While some progress has been made by our local athletes, and those who provide their support structure in understanding the importance of protecting and marketing the athletes, there is still much work to be done in protecting the intellectual property rights of our athletes.

### **GLOBAL MEDIA NETWORKS**

The transformation of sport from being one which traditionally was purely for recreational purposes sponsored largely by Governments to a mega international business, is largely as a result of the fact that modern sport is now bound up in a global media sport complex, driven primarily by capital intensive investments which have redefined sport.

The bulk of what is earned by the organisers of sport events and by individual sport stars is not now earned from gate receipts but from broadcast rights and endorsements. The revolutionary development which has taken place in the instant transmission of events and activities by way of digitized technological processes, have made the provision of ‘content’ the main generation of revenue. Content is the visual image of sporting activities which fills the space on television, websites and mobile phones.

In our new digital economy, telecommunications have radically altered access to information. Broadband technology facilitates high volume, high speed transmission of all types of digital content, from basic services, such as text mail, to high-quality streaming audio and video, and real time transmission of events such as the Olympic Games, the World Championships, World Cup Football, Test matches and the Indian Premier League which is now taking place in India.

Jamaica is yet to fully appreciate the development which has occurred in this area including the value of broadcast rights. Some persons who are involved in the organization of sport are still totally dependent on the state and private sector sponsorship with a belief that during an event their organisation will be able to make it back ‘at the gate’.

I will give one example of what a bit of creativity can do.

Jamaica currently has four of the fastest men in the world and some of the fastest women in the world. Our performance in the 2008 Olympics in China has significantly bolstered Jamaica’s stock internationally. If a race involving our four fastest men in Jamaica is watched by three million people around the world, including persons in the Jamaican diaspora, paying US\$2 each, on their mobile telephone, simple math shows a generation of

US\$6m. All concerned would benefit, but more so the Jamaican economy because of the spin off effect.

## **ECONOMICS OF SPORT IN JAMAICA**

Sport has significantly enhanced Jamaica's brand, and if we can successfully, and within the required legal framework fully exploit Jamaica's brand value and that of those athletes who are globally competitive, within the next five years with hard work, we can increase sport contribution to our GDP from 2.6% to 4%.

The sport business industry in Jamaica consists of different segments including among other things, sport tourism, distribution of sporting goods, sport apparels, sport marketing, sports sponsorship, sport journalism, sport management, legal, accounting and financial services and sport education.

The primary challenge facing persons involved in sport in Jamaica today is how to make sport a substantial factor in Jamaica's search for economic growth. Indeed there is no national strategic plan to develop sport as an industry with a directive to add value to the earth shattering performances of the athletes.

In order for us to significantly enhance the sport industry in Jamaica, we will have to fundamentally alter the current mindset and attitude to the business of sport which seems now almost tantamount to an 'anti-business' approach. This anti-business approach to sport is deeply ingrained and has become a part of our culture. It will not be easily erased. Perhaps our history of economic development has a lot to do with it. Why do I say this?

The Jamaican economy was originally rooted in a plantation economy. For a significant period of our early years sugar and banana were the mainstay of the economy. The main beneficiaries were those who inherited land. In the 1950s the country moved into the service and manufacturing sector with the tourist and bauxite industry leading the way. Thereafter, in the 1970s, in an attempt to bring the people into the centre of ownership, there was widespread nationalization of critical industries. The owners of capital retreated and the state became the dominant player. By the 1980s and 1990s the state relinquished ownership of vast sectors of the economy. The state then became the facilitators of economic development leaving investments and the creation of businesses to the private sector. Later, the financial and telecommunications sectors emerged, which along with tourism, the agricultural sector and a sputtering of manufacturing are now the main drivers of the economy.

Despite the twists and turns, the Jamaican economy in the last forty years has remained anemic, growing an average of less than one per cent each year. In fact, the largest provider of foreign exchange now is that of remittances, sent to Jamaica by members of the country's diasporic community. Clearly, if the traditional drivers of the economy have led to stagnation, there is need for a bold approach by both the Government and the private sector in finding new niche areas, and sport and music, separately or taken together, presents that possibility.

From a brief glance of the simplistic summary of the Jamaican economy, as I have outlined, it will be realized that sport has never been a central feature of the economy. Also, those who have been the dominant players in the Jamaican economy, be it the private sector or the state, have never viewed sport as a business. This is so despite the fact that it is sport and music that have primarily made Jamaica into an international brand, led by its two most internationally marketable image and person – Bob Marley and Usain Bolt.

The reasons why sport has never been central to the Jamaican economy are arguably;

- (a) The persons involved in sport have never been and are not drawn from the class of capital. The athletes originate from among the masses, the administrators are largely volunteers without much business background or involvement, and those who are in business are employees without sufficient leverage to engage capital in a real way.
- (b) The Government over the years has always treated sport as a peripheral subject, important to use as an adjunct, but not sufficiently recognized to stand on its own.

### **OPTIMIZING OUR POSSIBILITIES**

Against this background, in order to optimize the reputation of our Jamaican athletes as a source of economic, social and cultural development, there are a couple proposals which we can consider;

1. An investor, whether inside or outside of Jamaica will have to be prepared to take the risk to invest in sport in a big way from a business perspective. Chris Blackwell through Island Records invested in Bob Marley and the Wailers and Bob Marley went on to become a global figure now generating over US\$100m each year. Usain Bolt backed by Puma International is now a global brand with an under estimated annual net worth of over US\$20m.
2. Second, the organisers of sport events that have the possibility for economic growth must seek to find the right partners to enhance the economic potential of those events. I cite two examples.
  - a. The Boys and Girls Secondary Schools Championship (Champs) has tremendous potential to significantly increase its earning power by way of sponsorship and broadcast rights. Based on what Champs offers to sponsors; 50,000 persons in the stadium over four days with 30,000 present on the final day; a population of over 500,000 in all the schools participating; the support from the alumni associations, the interest of the diaspora community; the interest of track and field fans worldwide and premium promotion in local and international media, I am absolutely sure that with more skillful bargaining Champs can double its sponsorship. In the area of broadcast rights, although it has entered into a deal with SportsMax which was able to stream the content of Champs into over 100 countries much more can be done in this area to increase Champs' earning power by way of broadcast rights.
  - b. Over the last few years Jamaica has been able to have players recruited by overseas clubs. We need to organize and structure our football program in such a manner that we are able to produce players specifically for the overseas market. If, for example, we are able to supply overseas clubs with an average of 10 players per year, at a cost of an average of

US\$500,000.00 each, that would generate US\$5 million annually. With some amount of creativity we can also put in place the requisite infrastructure and resources to train identified basket-ballers, netballers and cricketers for the overseas markets.

3. We are also trailing in the film industry. We have so many marketable athletes – past and present, yet we are not using the talent to showcase what we are able to produce as a country. Is there any surprise that it took a Spanish country to come to Jamaica to film and produce a documentary titled. ‘Why Jamaicans Run so Fast’. It is highly probable that the production of a film showcasing the Jamaican athletes would be an investment that would generate profitable returns, particularly if effectively marketed in the Jamaican diaspora. A lot of footage already exists for this project.
4. The Government has to be far more proactive in driving sport as a commercial entity. Apart from the knee jerk reaction after the 2008 Olympics the idea to fast track sport as a part of our tourist product has gone flat. Every effort should be made to promote Jamaica as a sport destination. During Champs 2011, for example, there were numerous visitors here from abroad. They wondered all over the city trying to find post Champs activities. One would have thought that all the stakeholders, including the Tourist Board of Jamaica, would have been in the act from early to have Kingston declared during Champs, ‘as Champs city’, with a series of activities including a possible visit to Usian Bolt’s home town.
5. Jamaica has all the basic ingredients to be a training destination for former Jamaican athletes. I understand that we are now undertaking, in conjunction with UNESCO, a pre-feasibility study to determine if Jamaica can be such a training destination. After the pre-feasibility study there will be a feasibility study. We do not need more studies. We need to get the work started. We already have the basics. We have some of the best coaches in the world, such as Glen Mills, Stephen Francis and Maurice Wilson. We have some of the best sport administrators, such as Mike Fennel and Teddy McCook. Some of the best sport doctors working in sport, Dr. Warren Blake, Dr. Neville Graham, Dr. Herb Elliott are examples. We have some of the best accommodation in the world. We have the G. C. Foster College of Physical Education and Sport; we have the National Stadium and the Trelawny Multi-Purpose Stadium which we need to get going; we have MVP and Racers Track Club and we have produced world class athletes to prove that we know what we are doing. We already have the framework to attract world class athletes to train in Jamaica. What we need is the will to make Jamaica a training destination. Not more studies.
6. It is an embarrassment that for years we have been talking about a new national sport policy and to date, apart from volumes of verbiage, we have not been able to get it done. The last national sport policy was signed off on in 1994. This policy is now inadequate and grossly outdated. Once again I call upon the powers that be, in the interest of our sport, let us move from talk to action and let us have the national sport policy.

As a small developing country Jamaica is fortunate to be able to be a significant player in international sports. This has opened increased financial possibilities for the athletes as well as the country. For the Jamaican economy to benefit there is the need for a paradigmatic and cultural shift in how we see sport. Those who are involved in sport must begin to harness their love and dedication of the sport by seeking to see how best the country can grow sport as a business in order to help Jamaica realize its economic, social and cultural potential.

Thank you.

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