

# Sport Satellite Accounts

## – A European Project: First Results –

Issue 1, February 2010

### **The EU context**

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Comparable and sound information on the economic importance of sport in the EU and on the macro-economic potential of the sector to contribute to wider policy goals, such as the EU 2020 strategy, is scarce.

EU Sport Ministers have regularly asked for more solid data to underpin evidence-based policy making in sport. In 2006, under the Austrian Presidency, they set up an EU Working Group "Sport & Economics", led by the European Commission, to address this situation.

Encouraged by the Commission's 2007 White Paper on Sport, the Working Group has developed a statistical method for assessing the importance of the sport sector in an economically meaningful way.

In particular, the Working Group has found consensus on a common joint definition, the "Vilnius Definition of Sport", as the basis for the collection and production of data at national level and thus the compilation of national Sport Satellite Accounts (SSAs). First results stemming from the data collected in three frontrunner countries are reflected in this first issue.

The results should help the EU to take account of economic aspects when implementing the new competence for sport in the Lisbon Treaty (Article 165 TFEU), which calls on the EU to develop the European dimension in sport.

Further progress regarding the work on SSAs at national levels should in time also lead to further consolidation at EU level.

## **What is a Sport Satellite Account?**

A *Sport Satellite Account (SSA)* filters the National Accounts for sport-relevant activities to extract all sport-related value added while maintaining its structure.

The instrument of SSAs permits all sport-related economic activities to show up explicitly, rather than keeping them concealed in deeply disaggregated (low-level) classifications of the National Accounts.

The remaining part of the National Accounts does no longer contain any sport-related value added. Together with the value added covered by the SSA it equals the figures of the original National Accounts.

## **How is sport defined in Economic Terms?**

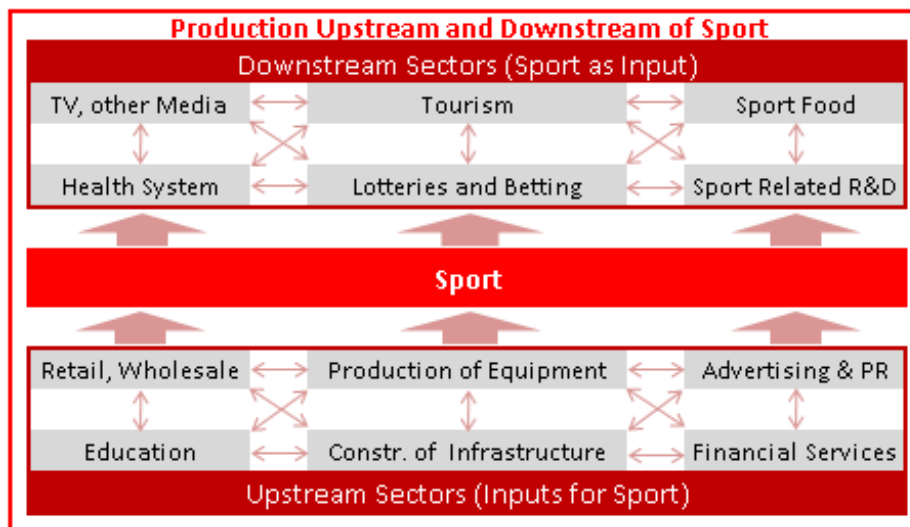
A statistical definition of sport is required to identify sport-related activities in the NACE, the EU's statistical nomenclature. In 2007, the Working Group reached a consensus, henceforth referred to as the 'Vilnius Definition of Sport':

- Statistical Definition: comprised of NACE 92.6 Rev.1.1; ("sporting activities", the only part of the sport sector which has its own NACE category);
- Narrow Definition: All activities which are inputs to sport (i.e. all goods and services which are necessary for doing sport) *plus the Statistical Definition*.
- Broad Definition: All activities which require sport as an input (i.e. all goods and services which are related to a sport activity but without being necessary for doing sport) *plus the Narrow Definition*.

Each definition builds on the previous one(s). *All* activities covered by narrower definitions are thus an integral part of the broader definitions as well.

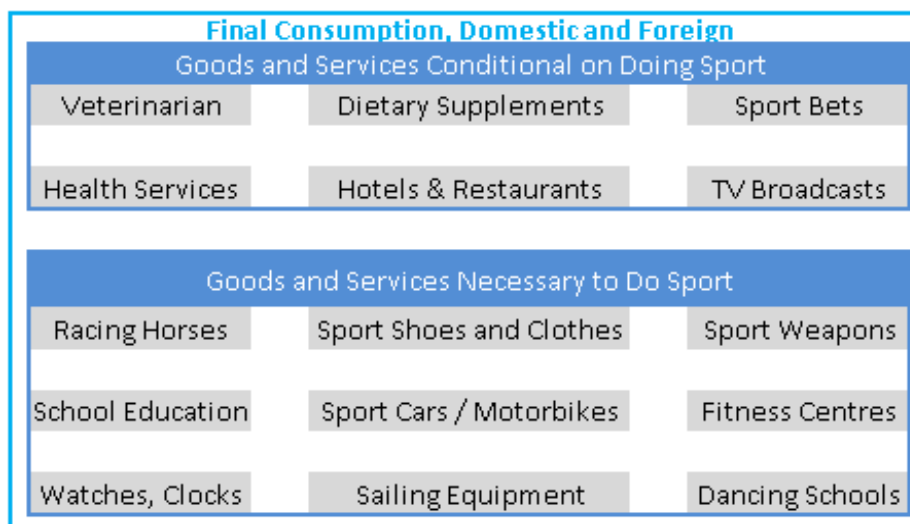
## Production side of sport

Sport according to the statistical definition is located in the centre of the entire sport-related value added chain. Upstream sectors are necessary to do sports. They correspond to the narrow definition. Downstream sectors use sport as an input. They correspond to the broad definition of sport covering the entire production side view. A stylized cross-sector presentation:



## Final consumption and sport

Performing sport can be an activity in the statistical definition and/or requires input from upstream sectors according to the narrow definition. Such activity or its outcome may serve as input in other sectors whose output represents final consumption of sport.



## **Economic impact of sport**

Austria, Cyprus, and the United Kingdom assumed a pioneering role to calculate SSAs on the basis of the Vilnius Definition of Sport (all figures are for 2004), in its broad version.

Figures in the tables are for direct effects only. Indirect effects resulting from multi-level business-to-business supplies and induced effects from the consumption of income generated in the sport sector were computed as well and are available upon request.

<b>Employment in Heads</b>	<b>AT</b>	<b>CY</b>	<b>UK</b>
<b>Total</b>	<b>219,000</b>	<b>7,600</b>	<b>569,000</b>
<b>% of national employment</b>	<b>5.8%</b>	<b>2.2%</b>	<b>2.0%</b>

<b>Gross Value Added in Market Prices</b>	<b>AT</b>	<b>CY</b>	<b>UK</b>
<b>Total</b>	<b>€ 8.4bn</b>	<b>€ 0.31bn C£ 0.18bn</b>	<b>€ 33.7bn £ 22.9bn</b>
<b>% of national economy</b>	<b>4.0%</b>	<b>2.4%</b>	<b>2.2%</b>

<b>Consumer Expenditure</b>	<b>AT</b>	<b>CY</b>	<b>UK</b>
<b>Total</b>	<b>€ 4.7bn</b>	<b>€ 0.30bn C£ 0.17bn</b>	<b>€ 34.7bn £ 23.6bn</b>
<b>% of national economy</b>	<b>3.6%</b>	<b>3.7%</b>	<b>3.0%</b>

Exchange rates 2004:

0.58 C£ = 1 €    or    1.72 € = 1 C£

0.68 £ = 1 €    or    1.47 € = 1 £

## **Interpretation of results**

The countries studied are obviously very different in terms of sport-related production and consumption:

- Austria is a net exporting country in the sport sector due to a significant share of sport-related tourism. About half of Austria's revenue from tourism (5.1% of all overnight stays in the EU) is sport-related. Most of the guests are from abroad.
- Cyprus does not feature a significant sport-related manufacturing industry, but sport-related services and education are of substantial size.
- The United Kingdom's share of gross value added exceeds the share of employment. Sport-related productivity is thus above average. Sport betting is quite important. It accounts for € 4.9bn of final expenditure.

## **Use and purpose of Sport Satellite Accounts**

- SSAs stimulate methodological rigor and structural coherence across countries and over time.
- SSAs serve as a backbone and programming device for economic research in the sport sector.
- SSAs help policy makers from the European down to the local level in formulating sport policies.
- SSAs provide a framework for sport development analyses and investment decisions.
- SSAs are a labour market analysis reference point.
- SSAs highlight sport-related specialisation patterns and associated (niche) markets with above-average growth potential.
- SSAs serve as a 'reality check' on claims voiced by sport interest groups.
- Efforts to create SSAs in an EU-wide harmonised manner help attain the goals of EU 2020 strategy.

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