FIFA fears impact of marketing agent's collapse

ZURICH, SWITZERLAND: World football's governing body FIFA said on Thursday, 23 December 2010, that it feared the financial impact of the collapse of its main product licensing agent, Singapore-based Global Brands Group (GBG).

"FIFA is very concerned about the situation as it has financial consequences not only for FIFA, but also for employees and other third parties as well as seriously damages the reputation of the FIFA Brand," it said in a statement e-mailed to *AFP*.

"FIFA is sad to hear about the bankruptcy of GBG and would like to extend its sympathy to the GBG employees who are affected by this situation," FIFA added, confirming a report in the Swiss weekly Handelszeitung.

Seven year contract

Football's governing body appointed GBG as its exclusive worldwide licensing representative five years ago under a contract stretching from 2007 to 2014, also allowing it to operate its stores.

The deal covered licensing for branded products for the 2010 and 2014 World Cups in South Africa and Brazil, FIFA confirmed, such as sports and fashion goods.

It gave no figures on revenues or potential losses, but Handelszeitung reported that FIFA earned about 53 million Swiss francs (€32 million, US$43 million) from merchandise licensing for the World Cup in Germany in 2006.

Nine years ago FIFA plunged into financial trouble after World Cup TV rights marketing partner ISMM/ISL collapsed in controversial circumstances, also sparking legal fallout and internal wrangling amid claims of illicit payments.

FIFA said it was still assessing GBG's bankruptcy and trying to contact companies that had licensing contracts with the Singapore company.

The first GBG run store was opened at Singapore's Changi Airport in 2008, with others planned in London, Tokyo and Los Angeles.

Source: AFP