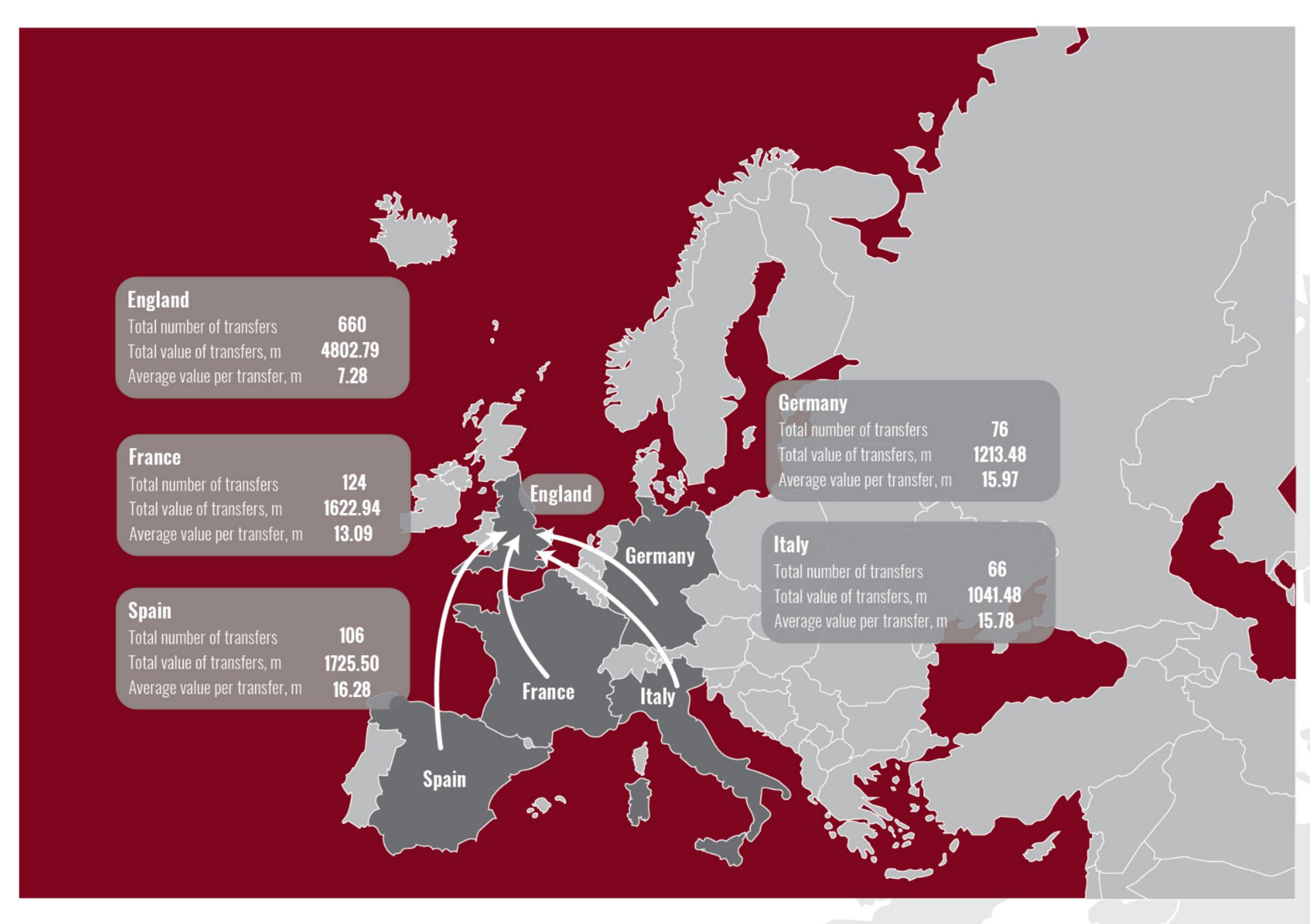
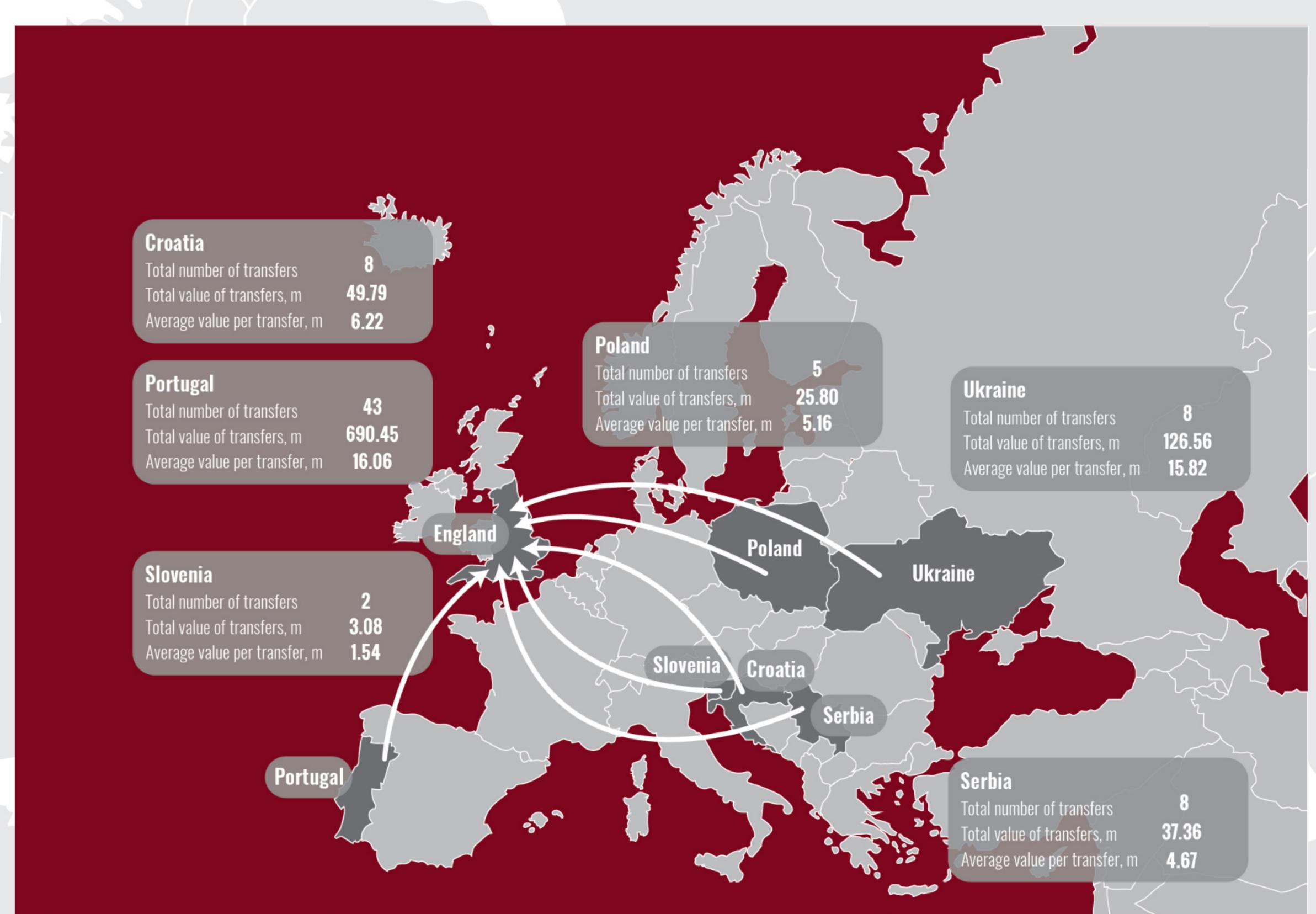
The impact of Brexit

Moving from general trends to particular country cases to gauge the size of the market in which the new regulations will be making an impact, we also analysed the flows between certain countries and the Premier League:



Focusing on France, where discussions on the potential impact of Brexit on the financial well-being of French clubs range from extreme concern to careful optimism, we see that French clubs exported the largest number of players to the Premier League in comparison to other top countries, but the average value per transfer was markedly lower than in Spain, Germany or Italy. Crucially, cross-referencing these figures with data from the latest available UEFA benchmarking study, we can estimate that for French clubs the Premier League market represented as much as 32% of the total transfer revenues in 2018, compared to 17% each in Italy and Germany, and 28% in Spain.

Using the UEFA benchmark study as a reference, we also looked at the relative significance of transfers to the Premier League from smaller countries, which were identified by UEFA as having the biggest proportion of transfer revenue in their revenue mixes in 2018: Croatia, Serbia, Ukraine, Slovenia and Portugal. Poland was not amongst the top transfer nations, but since our analysis team is based in Poznan, we decided to look at their numbers, too



Here we see that for most of these nations, transfers to the Premier League in England are quite rewarding in relative terms, but not a sustained source of revenue, apart from Portugal, which has similar figures to the larger nations both in terms of volume and average value per player, suggesting that the kind of player being sold to England by Portuguese clubs will remain in demand following UK's exit from the EU. It remains to be seen whether players coming from the Croatian or Serbian leagues, let alone Slovenia or Poland, will be able to obtain the necessary work permits, and for them a stepping-stone transfer might be on the cards, rather than a direct sale to England.

In conclusion, here are four things we have discovered:

- There was a spike in new non-UK signings between EU referendum & original Brexit date, but there has lately been a trend for returning to more UK national transfers and foreign players with a long-term presence in British football over the last few transfer windows
- here was a general decrease in total number of transfers from 2017 onwards, possibly connected with the significant increase in the broadcasting deal and resulting dramatic jump in the capacity of all Premier League clubs to make big transfers, which, conversely, produced a bigger focus on quality over quantity, with fewer but more expensive player purchases across the board
- Going forward, clubs in England will probably have to pay a lot more attention to ensuring players get permanent residence permits and British citizenship when they become eligible, which will also impact on things like loans (i.e. loaning more within the UK to ensure legal status continuity), because eligibility to work freely in UK will likely become an additional factor in calculating player transfer values by English clubs
- European leagues in the top echelon will probably be able to continue selling their players to English clubs (although this will require further case-by-case analysis, to verify the workings of the new system put in place in England by the Premier League and the FA), but for smaller countries with lower-ranked leagues a stepping-stone approach might be required



The impact of Brexit

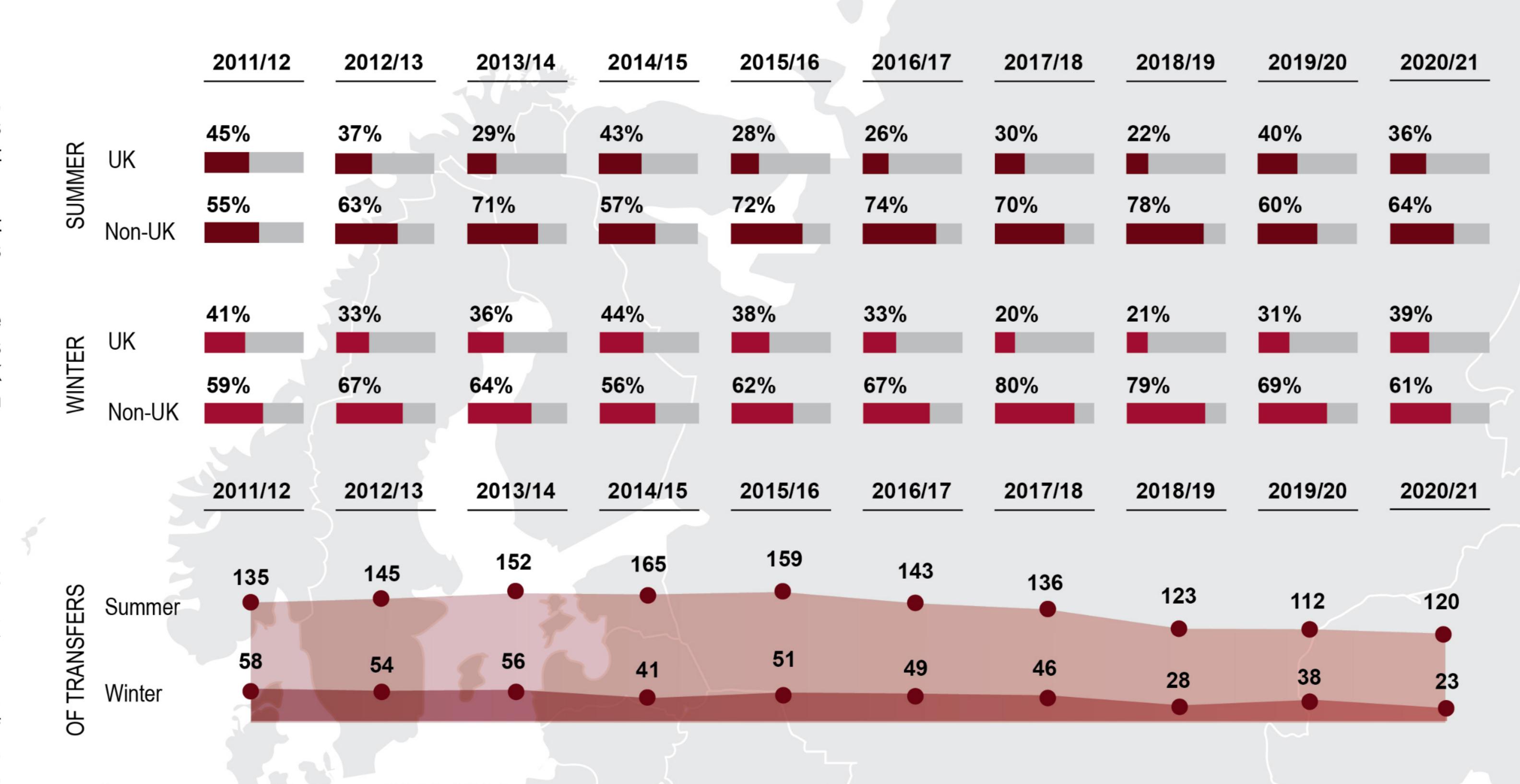
When analysing the impact of UK's exit from the European Union on football transfers, our analytical group decided to focus on incoming transfers to the Premier League as the tip of the pyramid, where the application of new regulations will be felt most significantly.

We looked at all incoming transfers into the PL for the past 10 years, including the latest transfer window in January 2021, to establish what is the "normal" scenario for PL clubs and their transfer strategies.

In total, this period saw 1834 permanent and loan transfers made by Premier League clubs, starting from season 2011/12. Rather than looking at the provenance of transfers (i.e. coming from a UK or from a foreign club), we split the players into UK and non-UK nationals for simplicity, since this generally represents the blanket approach taken under the new regulations that came into force on 1 January 2021.

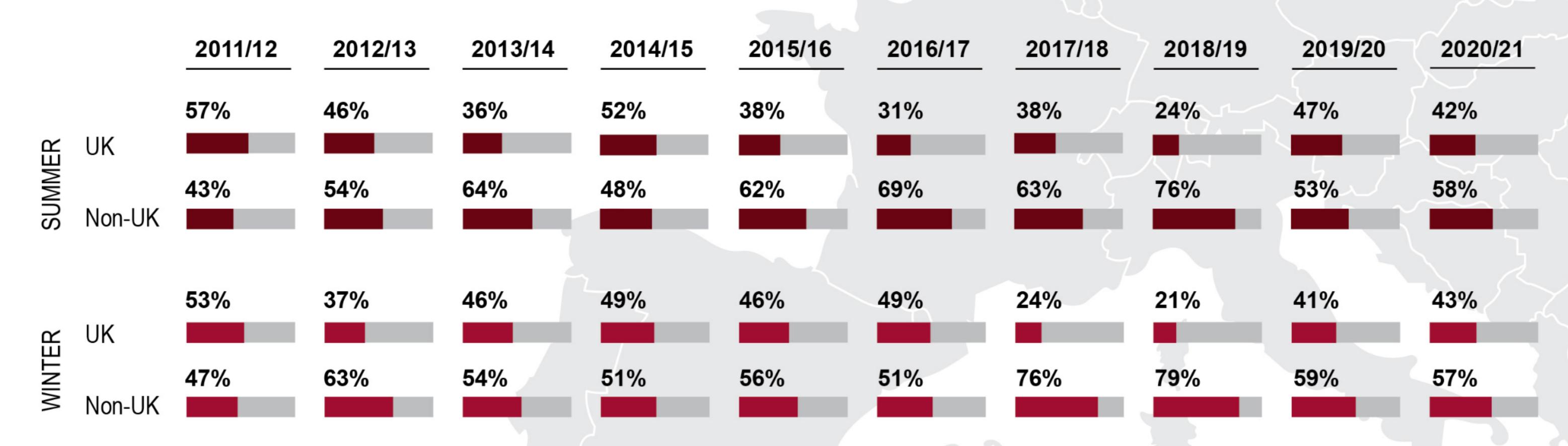
During this period, the average proportion of domestic players (UK nationals) was 34%, with 66% foreign players. However, in the seasons following the referendum on UK's exit from the EU in 2016, a spike in non-UK signings is clearly noticeable: if we take the period between 2016 and 2019, when the Brexit process was originally scheduled to have been completed, the average of non-UK-nationals in the transfer mix was up at 75%. Thereafter, the balance of transfers shifted towards fewer non-UK players, even though at no stage of this 10-year period did a single transfer window register more UK national players being signed than foreigners.

The issue of where talents for Premier League clubs are coming from is going to be particularly important in the post-Brexit and post-Covid environment, with the impact of new regulations, new economic and social environments is going to be keenly felt. This only adds to the long-term issues of a lack of domestic (if not necessarily locally trained) players in Premier League squads, especially at the top level; the investment in youth academies and the desire by the FA to see more English talent being brought through, the need to maintain the Premier League's status and attractiveness versus other leagues and competitions, and the newly-found freedom to introduce much more wide--ranging restrictions on signing players from abroad as was possible before. At the same time, the significance of the Premier League as a net transfer spender league makes this not only a domestic English matter, but one that affects the entire football industry and the wider transfer market.









One interesting aspect analysed by our team was the potential impact of naturalisation on the transfer balances. For this we looked at the specific circumstances of each player being signed by a PL club, to check whether at the point of the move he had spent at least five years in professional employment with a British club, thereby granting them the possibility of either permanent residency in the UK, or even naturalisation as a British citizen:

This allows us to see how many out of the non-UK player group being signed by PL clubs have a long track record in British football (for example, Cesc Fabregas spent 12 years in England in two spells between Arsenal and Chelsea, whilst Robert Huth played his entire professional career of 16 seasons in English clubs, and both would have become eligible for UK naturalisation during their time here), and how many are new recruits from foreign clubs.

Using this approach, 3 out of the 20 transfer windows analysed would have shown a majority of UK nationals, and a further 6 would have had more than 45% UK nationals. In certain transfer windows, up to 16% of signings were of players in this category of long-term UK resident players.

