



## An Uruguayan (playing) in Paris



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**Manuel Ugarte's move to Paris** is an exceptional illustration of **Portugal privileged space in current football economics**. Find out why here, ideally while listening to Gershwin's "An American in Paris".

Ugarte started playing senior football in 2017 for Fenix, a mid-table Uruguayan football club. In **January 2021** he moved to **FC Famalicão**, a Portuguese club recently promoted to Portugal's first Division, and whose work in **fostering young players** with remarkable potential has been **outstanding**. He only needed **half a season** in Portugal before being **transferred to Sporting CP for 6.5 million euro for 50%** of his economic rights. Later, in **October 2022**, Sporting CP **invested 2 million euros more**, for an **extra 10%** of the Uruguayan prodigy's economic rights. Even more recently, the club **invested an extra 2 million euros** for an **additional 10%** of his economic rights, making its **total investment** amount to **10.5 million euros for 70%** of Ugarte's economic rights. This **summer**, PSG paid for the pre-agreed **60-million-euro release clause** and offered him 50 million for a 5-year contract. This type of occurrence is **not uncommon in Portuguese football**. In the **last decade**, **no other club has sold more players to "Big-5" teams than SL Benfica**. Additionally, **Sporting CP and FC Porto are the 3rd and 4th highest selling clubs in the world to Big-5 teams**. **Sporting CP specifically is the European club outside the "Big Five" to launch more club-bred players to the five major leagues**, while **SL Benfica and FC Porto also are in the top 10 of those teams**. When focusing on the types of the players sold, aside from excellent local players, the ones **sold for the highest prices** were **mostly Latin American players** that did a career stopover in Portugal before moving to other European leagues.

The latter figures illustrate **Portugal** role as an **ideal entry door** and as a **hub for young talent coming from South America and Africa**, making their debut in Europe before moving to biggest leagues. In fact, **Ugarte followed in the footsteps** of many talented players before him, such as **Enzo Fernandez, Darwin Nuñez, Éder Militão, Luis Díaz, James Rodriguez, Ederson, Radamel Falcao, Ángel Di María, Thiago Silva**, as well as **Pepe and Deco** (two Brazilian born players that made it to the Portuguese national team).

Portugal's position as a **hub of young talent** does not arrive by chance and is due to **Portugal's friendly culture**, and **long lasting and strong ties** with African and Latin American countries. Thus, **young players** from these **countries do not struggle to adapt** to a new environment nearly as much as they might in other European countries. Specifically, there is a **significant number of Brazilian players** in the Portuguese league, because of the lack of a language barrier for these players. In fact, **213 Brazilians play in the Portuguese leagues**, the **most** of any league in **Europe**. Furthermore, the **excellent football academies** and the **low cost of living** also facilitate adaptation, progression and **investment**. The excellence of Portugal's academies cannot be overstated, as a 2023 study found that **no country makes more from selling homegrown players than Portugal**, far outperforming the typical football powerhouse countries like England.

Ugarte's sale also **allows Sporting CP to comply with Financial Fair Play regulations**, since the **capital gains from this transaction will now be fundamental for Sporting CP's balance sheet and profit and loss accounts** on June 30, 2023. **Compliance** with these regulations also lets the club **participate** in the **coming season's UEFA competitions**. A dilemma was also mentioned recently by FC Porto's CFO as a must have.

**Capital gains** are also a **major cash and revenue generator**, as demonstrated by FC Famalicão. In fact, **more than 12 million euros will revert in favor of FC Famalicão**, now owned by Quantum Pacific Group (led by Israeli and UK based millionaire Idan Ofer), thus ensuring the **success of the investment project: both from an economic and a sporting point of view**. Being expert sellers is not a quality exclusive to 1st Division clubs, and, more and more, the **lower divisions are starting to make relevant transactions**. Recently, **Sporting CP acquired Ousmane Diomande** from FC Midtjylland, after a successful spell at **CD Mafra** on loan (2nd Division), on a **7.5 million euros transfer**, without bonuses. CD Mafra were compensated for the transfer. Additionally, **smaller clubs** have been **benefiting from big transfers**, thanks to the **solidarity mechanism**. **SU Sintrense**, a 4th Division club, was able to **pay for a full renovation of its stadium** thanks to **Nelson Semedo's transfers** to FC Barcelona and Wolverhampton.

Thus, it is unsurprising that following the **gold rush** to English, French, Italian and Spanish clubs, Portugal is seen as **the next hot place in the European football scene**. The **recent purchase** of a stake in **Vitória Sport Clube** (Guimarães) by VSports, the owners of **Aston Villa** (who acquired 46% of the club, and, although it was officially undisclosed, rumors state the deal valued the club at around 70 million euros), or the purchase of a 21,67% stake by Qatari Sports Investment Fund, owners of **Paris St Germain**, in **Sporting Clube de Braga**, **valuing the club at around 200 million euros**, perfectly demonstrate **Portugal's relevance** as a **major exporter of talent** in the greater football landscape. Furthermore, the **impact of Brexit** should not be overlooked when assessing the new-found popularity of these takeovers. Because English Clubs are no longer allowed to sign young players from EU countries, there has been increased interest in clubs from EU countries, like those from Belgium. In Belgium, **like in Portugal**, the **country offers a fast-track to EU Citizenship**, and the **costs of running a team there are relatively low**. Then, when players are old enough, clubs from Belgium and Portugal can sell them to English clubs for massive fees.

In a nutshell, **Ugarte's successful** time in Portugal is just the **latest example**, among hundreds of others, of **Portugal's place in this new economic era of football**. The country's **unique ability to scout in the Southern Hemisphere**, and subsequently **develop** those **players** in an environment where they feel comfortable, before **selling them at a massive profit to the Big 5 leagues**, means that they can stay competitive with the big sharks (while also feeding them).

**Now Ugarte will play in Paris.**

Article written by **Jaime Carvalho Esteves** and **João Leite de Carvalho**.



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