SPORTS

SOCCER

Guangzhou pays penalty for crushing debts

After failing to meet the CFA's financial requirements, storied club disbands after 32 glory filled years

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Guangzhou FC, formerly known Evergrande, celebrates winning the 2013 AFC Champions League title under manager Marcelo Lippi. The squad featured notable players like Elkeson and Luiz Muriqui of Brazil and Dario Leonardo Conca of Argentina. XINHUA



Dejected Guangzhou FC players acknowledge the fans during the team's final Chinese Super League match against Meizhou Hakka in 2022 after being relegated to the second tier. Now, its continued financial woes have forced the club to disband. PROVIDED TO CHINA DAILY

The collapse of arguably China's most decorated soccer club has provided a harsh wake-up call for the country's domestic league system, with pundits calling for a more rational and sustainable approach to revive the sport for good.

Expected, yet still shocking, the disbanding of eight-time Chinese Super League (CSL) champion club Guangzhou FC, confirmed in a statement on Monday, has triggered mixed reactions from the sport's community, with fans lamenting the fall of the giant, while critics hail the end of the "big-spending" era of the Chinese leagues.

The club, formerly known as Guangzhou Evergrande, announced on Monday that it had failed to pass the Chinese Football Association's financial review for entry into the 2025 season due to heavy debts, and thereby was being disbanded, marking an abrupt end to a storied 32-year journey, which brought plenty of joy and pride to its supporters on the continental stage.

"Despite all the efforts to raise funds from all possible sources, the club could not pay off all its debts — the result of heavy financial burdens from previous seasons — by the deadline. We express our sincere apologies to our loyal fan base, and we greatly appreciate the understanding and forgiveness of all the fans," said the statement released by Guangzhou FC on Monday.

The club's prolonged financial woes — partially due to the collapse in 2021, and ultimate liquidation in January last year, of its parent company Guangzhou Evergrande Real Estate Group — first raised widespread concerns over the future of the two-time AFC Champions League winner at the end of 2022, when it was relegated from the top-flight CSL, to the second-tier China League One. Things were exacerbated due to the lack of revenues across the whole of China's soccer league system.

The already fragile financial status of China's soccer pyramid was dealt a heavy blow by the pandemic, with a long list of investors divesting their soccer interests one after another. A series of legal disputes between clubs and players, especially some expensive imports, over unpaid wages made international headlines.

Right after the CFA listed Guangzhou among the clubs considered financially capable of keeping their league access in an initial review on Dec 20, Chinese national team striker Wei Shihao, a former Evergrande player, citing his long overdue wages from the 2022 relegation season, immediately questioned the approval, posting on Weibo: "How come Guangzhou passed?"

Two other clubs — top-flight team Cangzhou Mighty Lions and the third tier's Hunan Billows — also announced that they were disbanding on Monday after failing to meet the financial requirements for the new season.

Once relying on cash-rich investors and owners, CSL clubs enjoyed short-lived success on the continental stage in the 2010s, highlighted by Guangzhou's AFC Champions League wins in 2013 and 2015, led by World Cup-winning managers Marcello Lippi of Italy and Brazil's Luiz Scolari, respectively, and bolstered by expensive squads, filled with high-profile imports.

The lure of Chinese clubs, funded by millionaire owners from the retailing and real estate industries, proved too lucrative for even some of Europe's top stars to turn down in 2016, when, according to German sports website Transfermarkt, during that season's winter transfer window, CSL clubs collectively spent a staggering total of 334 million euros ($347 million), the highest of any league in the world at that time.

The likes of former Argentina international Carlos Tevez, Belgian star Axel Witsel and Brazilian internationals Oscar, Alexandre Pato and Paulinho all joined the top-flight Chinese league for eyewatering transfer fees.

As the last of the big-name signings during the spending spree, former Chelsea midfielder Oscar bid farewell to his CSL club Shanghai Port last month to rejoin his boyhood club Sao Paulo, capping off an eight-year China adventure that bore witness to the heyday of the Chinese leagues' cash-injected boom.

Now, with almost no big-name imports plying their trade in China, the CFA has called on all domestic clubs to invest reasonably, and to focus more on youth development and more sustainable operations for long-term success.

The CFA on Monday announced a list of 49 clubs that have passed its financial review to be eligible to compete in the top three tiers of the country's league system in the new season.

"The three clubs, which were denied entry into the new league season, had failed to provide sufficient materials to prove their financial ability to withstand operational risks and continue paying off their debts," the CFA said in a statement.

"Only by setting sights on the long term, keeping the status of their financial operations healthy and patiently investing in youth can clubs build a robust future."

To help curb excessive spending, the CFA announced last month that the 2025 season will see the continuation of the salary cap in the CSL, first imposed in 2020, to limit a domestic player's annual salary to 5 million yuan ($682,520) before tax, and each club's total expenditure on all its imported players' wages to 10 million euros ($10.4 million) before tax.

Sun Jihai, a former Manchester City defender and a formidable member of China's only World Cup squad in 2002, has reiterated on multiple occasions that Chinese clubs should invest more in developing the grassroots of the game in order to reap lasting success.

"Maybe we've been obsessed with results at the elite level for too long. It's time to get down to what really matters: Working on youth training and league development with long-term plans and consistent effort," said Sun, who, in recent years, has been running youth training programs in his native Liaoning province, Xinjiang Uygur autonomous region and Yunnan province.

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