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FIFA Scandal Casts Shadow on Russia's World Cup

By Howard Amos

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Moscow's new Otkrytie Arena stadium, home to Spartak Moscow, is due to host some 2018 World Cup matches.

Doubts were cast Wednesday over Russia's legitimacy as the host nation for football's next World Cup as Swiss authorities launched an investigation into criminal mismanagement and money laundering linked to the 2010 decision by FIFA, football's governing body, to give the 2018 sporting event to Moscow.

Documents at the Swiss headquarters of FIFA were seized and the office of Switzerland's attorney general announced it would question 10 members of the organization's 2010 executive committee, which includes Russian Sports Minister Vitaly Mutko.

"It is suspected that irregularities occurred in the allocation of the FIFA World Cups of 2018 and 2022. The corresponding unjust enrichment is suspected to have taken place at least partly in Switzerland," Switzerland's attorney general said in a statement.

The Swiss investigation was launched at the same time as nine FIFA officials were arrested in a five-star Zurich hotel on the request of the U.S. Department of Justice, which announced it was carrying out a broad investigation into racketeering, wire fraud and money laundering by FIFA employees.

Officials and commentators in Moscow were quick to condemn the investigations as politically motivated. FIFA denied that there would be any changes to the venue for the next World Cup, or the 2022 World Cup in Qatar, the bidding for which is also being investigated.

Mutko in Zurich

Mutko and other members of the Russian delegation to Friday's FIFA congress were staying in the same hotel as the FIFA officials who were arrested in the raid carried out at dawn on Wednesday by Swiss police.

"They [the police] are here, in the hotel, it's an unpleasant situation. For the moment there have been no questions personally for me from the Swiss police. What will happen next, I don't know," Mutko said Wednesday morning, according to Russian news site R-Sport.

Mutko, a fervent supporter of current FIFA president Sepp Blatter and one of the 16 members of FIFA's executive committee, later denied media reports that he had been summoned for questioning.

Russia was awarded the 2018 World Cup after a bidding campaign that was marred by allegations of bribe-taking, spying and vote-rigging. An investigation was carried out for FIFA by former U.S. Federal Prosecutor Michael Garcia into such allegations emanating from the bids of both Russia and Qatar. FIFA refused to publish Garcia's report, citing legal concerns. Instead, the organization released a ruling last year concluding that though examples of wrongdoing had emerged, nothing was found that would require a re-vote. Garcia rejected the ruling and resigned.

Construction work in Russia is already under way for the football tournament, which will take place between June 14 and July 15 in 11 cities.

'Against Russia'

Officials in Moscow were quick to accuse Swiss and U.S. prosecutors of playing politics, pointing out that the allegations and arrests came two days before Blatter was due to face an election to win a fifth term at the head of football's top body.

"This situation could be played against Russia and against the holding of the World Cup in Russia," Kirill Kabanov, the head of Russia's National-Anti Corruption Committee, was cited as saying by the Russian News Service on Wednesday.

Others were more blunt, alleging that the U.S. investigation into FIFA was a response to the situation in Ukraine and Russia's increasing international assertiveness.

"It is a political move by the Americans because of what is going on in the world," said Yevgeny Lovchev, a prominent Soviet footballer and former candidate to lead the Russian Football Union.

"Someone is always unsatisfied and starts talking about corruption. ... Anywhere there's big money, there's corruption," he added.

Some Western officials have called for Russia to be deprived of the World Cup because of its 2014 annexation of Crimea and support for separatist rebels in Ukraine. Hawkish U.S. senators John McCain and Bob Menendez released a statement Wednesday calling on FIFA to elect a president who will "work to deny the Putin regime the privilege of hosting the 2018 World Cup."

Economic Value

Russian Prime Minister Dmitry Medvedev has estimated that the World Cup will cost Russia $20 billion — about double what then-Prime Minister Vladimir Putin predicted when Russia won the games in 2010. But other estimates put the final figure at closer to $50 billion, approximately what Russia spent on the 2014 Sochi Winter Olympics. Brazil spent $11 billion on the last World Cup.

The earmarked money is a key source of of investment, expected to stimulate infrastructure growth and create jobs, as Russia suffers from an expected economic recession this year. Russian stock markets dropped sharply and the ruble weakened against the U.S. dollar during Wednesday morning trading following news of the Swiss investigations.

"The 2018 World Cup is one of the main public investment projects for the next three years," analysts at the Bank of America in Moscow said in a note to investors Wednesday.

Preparations for 2018

Blatter, who was not arrested Wednesday but who is facing calls to step down, has visited Russia regularly in recent months to check on preparations for the World Cup.

In April, Mutko said that Blatter had given Russia "five stars" for its preparations.

Large infrastructure projects in Russia often suffer from corruption allegations, and the Sochi Olympics were heavily criticized for the scale of the alleged graft. The Investigative Committee said in a statement Monday that it was opening the first corruption case against World Cup construction projects, with a building company director accused of stealing 4 million rubles ($77,000).

Blatter and Russia

FIFA spokesman Walter de Gregorio told reporters Wednesday that Russia would not be deprived of the World Cup and that the competition will go ahead as planned.

Russia has been a staunch supporter of Blatter, despite intense criticism of the long-serving football chief. Earlier this week, Mutko announced his intention to back Blatter against Jordan's Prince Ali bin Al Hussein in an election scheduled for Friday to determine who will next lead the organization.

"I support Blatter. I understand that it's possible some sort of changes are needed but I can say one thing: compared with other international federations, FIFA is one of the most

transparent and open. ... I think that today there is no alternative to Blatter," Mutko said Tuesday, according to R-Sport.

Others have characterized Russia's support of Blatter's FIFA as a marriage between two graft-riddled entities. The relationship between the two is extraordinarily opaque, according Yelena Panfilova, deputy director of anti-corruption organization Transparency International, which has called for Blatter's resignation.

"We don't know anything about the relationship [between Russia and FIFA] because it is so closed. ... What actually goes on, how it is all arranged, is difficult to understand," she said.

Some of FIFA's recent anti-corruption initiatives have been forward looking and could go some way to changing football's top body, she added. "But they can't change the past."

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