



With the victory of the Russian National Team at the World Ice Hockey Championships this month, much has been said about the resurgence of the sport in Russia. While the NHL is full of young Russian stars like Alexander Ovechkin, Evgeni Malkin, and Ilya Kovalchuk, it has been the new league set to begin this year in Russia and three other former Soviet Republics, known as the Continental Hockey League (KHL), which has also received a great deal of press.

The attention given to the league is largely the result of the ambitious people running it, who openly state that their intentions are to create a rival to the NHL. Alexander Medvedev, deputy CEO of the state run gas giant Gazprom, Vladislav Tretiak, President of the Russian Hockey Federation, and Slava Fetisov, the Russian Sports Minister [are just a few of the prominent men involved with the league](#). In addition to Gazprom, which controls 16% of the world's gas reserves and have promised sponsorship of \$100 million a year, several other major state run companies are contributing money to the league including insurance companies Ingosstrakh, banks VTB Group and Vnesheconombank, and oil pipeline monopoly OAO Transneft.

With big money and influential people involved in the project, there is huge excitement for the league which is set to kick off this September. The League has goals of bringing the top players in the world, with rumors that stars like Jaromir Jagr are interested, while [other clubs have expressed interest in signing Ovechkin \(and giving him a huge pay raise\)](#) if contract talks in the NHL fall through. The KHL also has talked of expanding to create a "Super League" throughout Europe.

But despite all the press and the big goals, the question remains, is this league a genuine threat to North American hockey or just hype which will soon fade away? This report will look at Ice Hockey in and sports in general in Russia, to see what chance this league has for success.

Collapse and Revival of Russian Ice Hockey

Having won seven gold medals and 22 World Championships, for many years the Soviet Union was without doubt the major force in International Ice Hockey, with players on the famed Red Army team such as Fetisov, Tretiak, and Valery Kharlamov who became household names for hockey fans around the world.

But with the collapse of the Soviet Union, the hockey structure, like many other areas in Russia, quickly fell apart. Mass departures of talented Russian hockey players followed, as they sought fortunes in the NHL, as well as other parts of Europe. The opportunities to make a fortune in the West combined with the terrible financial situation made it nearly impossible for Russian clubs to hold onto their players. By 1995, the average player in the Russian league was only making \$1000 a month, while during the same year the average NHL player was earning approximately \$750,000 a year.

In this situation, many teams were forced to sell their young players just to get the transfer compensation from the NHL, which at the time was about \$150,000 per player. Pretty soon, development programs fell apart. Dynamo Moscow, one top Russian club, [provided free training to everyone during Soviet times, but in the 1990s they could no longer provide equipment or skates](#), meaning that children from the lower classes were often excluded from participating.

However, over the years, hockey in Russia slowly began to improve. Largely thanks to the patronage of politicians or businessmen some clubs began to pay higher salaries and keep more of their talent. By the turn of the century, players were often paid around \$25,000 a season, but just a few years later, top players were earning hundreds of thousands of dollars a year.

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And the situation has just continued to improve over in the past decade and the Russian Super League has solidified its position as the second best hockey league in the World, with teams that have dominated its counterparts from the other top leagues across Europe. Since 2004, the IIHF has run the European Champions Cup, a tournament with the winner of the top six

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Monday, 02 June 2008 04:35

European Leagues competing. In all 4 tournaments, the Russian representative has won the competition.

European Champions Cup Finals 2004-2008	
2005	Avangard Omsk (RUS) defeat Karpat Oulu (FIN)
2006	
HC Dynamo Moscow (RUS) defeat Karpat (FIN)	
2007	AK Bars Kazan (RUS) defeat HPK (FIN)
2008	Metallurg Magnitogorsk (RUS) defeat HC Sparta Prague (CZE)

This dominance is mainly a result of the huge salaries which the teams can now pay for its players. Top players can now easily earn millions of dollars per season, and the huge amounts of money have largely kept Russian players staying in the country, while many others from Europe are also choosing to compete there instead of their home countries.

Russia's first opportunity to host the top stars around the world occurred during the 2004-05 NHL lockout when 70 players signed with Super League teams, including many Russians such as Pavel Datsyuk, Ilya Kovulchuk, and Nikolai Khabibulin, while many foreigners also chose to suit up in the country with Jaromir Jagr, Dany Heatley, and Patrik Elias among them.

But the increased strength of the league has also led to anger and conflicts, mainly directed to the NHL and the transfer policy which the Russians, as well as many others in Europe, felt was hugely inadequate for the amount of time and energy they have put into developing players. While a decade ago, the teams were thrilled to get a few hundred thousand dollars which would keep the clubs running, now with their increased power; they have felt that this sum is insulting.

One major conflict was between the Washington Capitals and Dynamo Moscow over the rights for Alexander Ovechkin. Dynamo angrily pointed to the fact that his salary would be higher in Russia than in the NHL under the Rookie salary cap and demanded that a system be put in place like in soccer where rights to a player are negotiated individually between the clubs, instead of the lump sum received from the NHL.

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This feeling of resentment toward the NHL led the top club owners to force Russian Ice Hockey Federation Head Vladislav Tretiak into rejecting a new transfer agreement in 2005. This has meant that now few Russian players are being drafted by NHL clubs, for fears that they will not be able to be signed.

Last year, only one player from Russia was taken in the first round and of the players on the World Championship team, 14 play in the Russian League.

Domestic Players on Russian World Championship Team	
Konstantin Gorovikov	SKA ST. Petersburg
Konstantin Korneyev	CSKA Moscow
Daniil Markov	Dynamo Moscow
Alexei Morozov	Ak Bars Kazan
Ilya Nikulin	Ak Bars Kazan
Vitali Proshkin	Salavat Yulayev Ufa
Maxim Sushinskiy	SKA St. Petersburg
Alexei Tereshchenko	Salavat Yulayev Ufa
Danis Zaripov	Ak Bars Kazan
Sergei Zinoviev	Ak Bars Kazan
Mikhail Biryukov	HK MVD Moscow Region
Alexander Eremenko	Salavat Yulayev Ufa
Sergei Mozyakin	Khimik Moscow Mytishchi
Dimitry Vorobyev	Lada Togliatt

The New Continental Hockey League

This conflict over the transfer agreement is one factor which has led to the creation of the KHL, with owners who instead of seeing their talent leave for North America would rather try to create an alternative rival to the NHL.

When the season starts this September, the KHL will consist of 24 teams representing 4 countries. Twenty are Russian clubs, while the former Soviet Republics of Latvia, Belarus, and Kazakhstan will each have one representative. The league is set to have a salary cap of \$23.5 million and a salary floor of \$10 million.

The league is unique for the massive distances between teams, which will see clubs like

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Dynamo Riga and Dynamo Minsk in Europe compete with the likes of Avangard Omsk, Sibir Novosibirsk, and Metallurg Novokuznetsk deep in Siberia, while Amur Khabarovsk of the Russian Far East is just a quick hop away from China, North Korea, or Japan, but is 5,296 miles from Moscow. [See the map with locations of all 24 teams here](#)

In addition to the travel problems of the league, the financial disparity between many of the teams is stark. Some have huge fan followings, brand new stadiums, and wealthy benefactors, while others such as Dynamo Minsk are using a rink that they need special permission to use since it does not meet minimal league requirements of 5,500 seats. Others, like Spartak Moscow have been on the verge of financial collapse and did not compete in the 2006-07 because of their monetary issues.

Among those that have seen good fortune recently are SKA St. Petersburg, whose president incidentally is Alexander Medvedev. For many years, SKA were consistently in the cellar of the league, but with Gazprom purchasing the club in 2006, [they immediately saw the budget nearly double and enjoyed one of their most successful seasons this past year](#) where they were in the top of the standings challenging for the title.

While some clubs have enjoyed the backing of corporations and wealthy businessmen, others have been helped by support of local governments. Ak Bars Kazan which plays in the Russian Republic of Tatarstan received huge amounts of government funds prior to the 2004-05 season, as the government wanted to see the team win the title to help celebrate the 400th anniversary of its union with Russia. The team signed 11 NHL players during the lock out and though they failed to win the Championship, they did win it the following year.

Likewise, current Champions Salavat Yulayev Ufa receives much of their money from the government of Bashkortostan, who have allowed them to sign former NHLers Oleg Tverdovsky and Aleksandr Perezhogin. [The government also financed a new 8,000 seat arena for the team to play in](#)

With the excitement surrounding the league, many former NHL stars have moved to the new league. Chris Simon and John Grahame are two among those who have recently signed for the new league, while others like Alexei Yashin and Robert Esche have already played in Russia and spoken about how much they enjoy the game there. Yashin, who plays for Yaroslavl, believes that many others will follow him to the country, and Esche, who just signed for St. Petersburg, has stated that it was in Russia where he learned how much he loved the game.

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Others involved with the KHL include Scotty Bowman and former NHLPA chief executive Bob Goodenow.

Sports in Russia

So the question remains can this new league challenge the NHL? Well, when looking at other sports in Russia, those in North America might be justified in fearing about the state of the NHL.

It has not gotten much press in this part of the world, but North American hockey fans are not the only ones fearful that the Russians could become the dominant country in sports. Just a few days ago, Zenit St. Petersburg, a Russian soccer team, won the UEFA Cup, one of the most prestigious competitions in Europe. This marked the second time a Russian club has won this tournament, with CSKA Moscow also winning the title in 2005.

Like Hockey, this sport has seen huge amounts of money invested in the game which had threatened to make Russia League one of the biggest in the world.

Most soccer fans will be familiar with Roman Abramovich, one of the wealthiest men in the world and the owner of the Chelsea Football Club in the English Premier League (EPL). Abramovich was formerly head of the Sibneft oil company before selling his stake to Gazprom for \$13 billion.

Prior to Abramovich purchasing the club, Chelsea was saddled by debts and in risk of bankruptcy. But their fortunes changed after the Russian bought the club and spent millions of dollars buying the best players from around the world. Since his purchase, he has spent over \$1 billion on the club, buying some of the best players in the world regardless of price. And though Chelsea have reported losses of over \$200 million in 2005 and \$150 in 2006, this is of no importance for Abramovich, who is much more concerned with success on the field and two EPL titles and three second place finishes have meant a fairly good return on investment for him.

But it is not only English soccer which has enjoyed Abramovich's wealth. Sibneft formerly was a sponsor for CSKA Moscow and paid the club \$58 million the year it won the UEFA Cup.

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In addition, Abramovich also was influential in bringing in Guus Hiddink, one of the most respected soccer coaches in the world, as the manager of the Russian National Team, and he also pays Hiddink's salary. Another \$55 million a year is spent on youth programs and facilities in Russia.

Like Abramovich, many other wealthy businessmen and companies are investing in Russian soccer. Gazprom is the sponsor for Zenit St. Petersburg and also paid for the construction of several facilities throughout the country. In a recent article on Russian soccer on guardian.co.uk, [one prominent businessman jokes about the influence Gazprom can have saying](#), "in three to five years we will have maybe 10 of the best stadiums in the world" St. Petersburg, Rostov, Samara, Kazan, Volgograd, three in Moscow it's what, \$200 million, \$400m to build a new stadium? What's that, one day's sales for Gazprom?"

Like hockey, talented soccer players all left the country in the 1990s, but now there is little incentive to go, as teams in Russia can pay millions of dollars per season. Vitaly Mutko, the head of soccer in Russia, describes the situation saying that Andrei Arshavin, a top player for Zenit St. Petersburg, "wants to play for Barcelona, but I don't think they can pay him more than he earns now."

And it is not just soccer which is currently seeing huge success in Russia. The legions of top Russian tennis players are well known, CSKA Moscow's basketball team just won the Euroleague title, the most prestigious tournament in Europe, and the city of Sochi recently won the right to host the Winter Olympics in 2014.

And even smaller sports are seeing big time money thrown its way. Last year, [Jim Caple of ESPN.com wrote a fascinating article](#) about the Spartak Moscow women's basketball team, which includes former UConn and current WNBA stars Sue Bird and Diana Taurasi. During the WNBA offseason, several star players have the opportunity to play in Russia where they have the chance to earn around \$400,000 for the season, approximately four times the top WNBA salary, while they are also given free accommodation, a driver, trips around the world, and huge bonuses.

Like soccer, the men owning these basketball teams are successful businessmen and passionate fans who don't care about losing a few million dollars supporting a team. In the case of Spartak, Shabtai von Kalmonovic estimates that he loses \$5-6 million a year on his team.

And according to Taurasi there are several men like him. "There are six or seven owners [like him] in Russia. They're hotheads who want the best women's basketball team, and that's their hobby, so they don't care how much they pay."

Expansion of the KHL

So what is next for the KHL? The leaders of the league have been quite vocal about their desire to see the league grow and expand to new territories and Medvedev has even stated that he would like to see 32 teams in the league, [with clubs competing in non-traditional hockey cities such as London, Paris, or Milan](#).

In the short term, many other clubs have been contacted by the KHL about possibly joining the league. Clubs in Sweden, Finland, and the Ukraine are possible additions to the league in the coming years, while others in countries like the Czech Republic, Switzerland, and Germany would most likely also be interested.

The growth of ice hockey in Europe is a major concern for the IIHF, who have been frustrated in recent years of the NHL's raids into Europe which they feel has majorly affected the development of players in these countries. In 2006, the IIHF released a study saying that it wished the percentage of European players in the NHL decrease from the 30% in the 2005-06 to around 20%.

The rise of Russian hockey players has meant that this percentage has consistently decreased, lowering to 27.4% for 2006-07 and 25.8% for this past season.

A big money pan-European league would most likely decrease this number even further, especially if teams in places like Sweden and the Czech Republic could offer big salaries to try to attract their players back home.

How the IIHF feels about the possibility of the KHL expanding is unknown though they have stated in the past that they were opposed to a European "Super League" which they fear would kill the traditional rivalries of the smaller national leagues.

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Instead of the idea of a Super League, the [IIHF have created a new Champions Hockey League](#), similar to soccer's Champions League and basketball's Euroleague, which will run at the same time as the individual national leagues. Twelve top teams from several Europe countries also compete in this tournament from October 2008 until January 2009 while also playing in their national leagues.

Competing Teams: Champions Hockey League 2008-09

Group A:	Karpat Oulu (FIN), Eisbaren Berlin (GER), Metallurg Magnitogorsk (RUS)
Group B:	HV71 Jonkoping (SWE), Espoo Blues (FIN), Qualifier
Group C:	Salavat Yulayev Ufa (RUS), Slovan Bratislava (SVK), Mountfield Ceske Budejov
Group D:	Slavia Prague (CZE), ZSC Lions Zurich (SUI), Linkopings HC (SW

Gazprom and Medvedev are also giving financial support to the new Champions Hockey League and say that this league does not conflict with the interests of the KHL.

Here to Stay?

Though many the prospects of the new league look very promising, there is still the major question of can this league last or is it simply a flash in the pan, with the hype soon fading away? The big time money backing the league is certainly a good start and officials say that a league wide revenue sharing program will be a part of the league which will help the financially strapped clubs.

Another positive factor is that several teams can boast a large fan following. This past season, of the top 25 clubs across Europe in terms of attendance, six were Russian clubs. Sweden was the only other country with as many teams in the top 25.

Russian Clubs in the Top 25 for Attendance in Europe 2007-08

5	Lokomotiv Yaroslavl	8,995
7	Avangard Omsk	8,670
11	Sibir Novosibirsk	7,133
12	Amur Khabarovsk	7,100
20	Metallurg Novokuznetsk	6,267
23	AK Bars Kazan	6,074

[See Complete Listing Here](#)

League officials also say that [a big time television contract will also provide a huge revenue source for the league](#). However, another issue which could come into play for the new league is government intervention. This is a problem that the Russian soccer league has experienced when trying to sell television rights. Recently, it was reported that the Football Union of Russia reached a four year, \$100 million deal to show games with the satellite service NTV-Plus. But [this deal was quickly mooted by former President Vladimir Putin](#) who wanted the games to stay on free TV.

To try to look into the future and see where the league is headed, Russian soccer provides an interesting comparison as it too has seen millions and millions invested into its sport structure. In 2005, when CSKA Moscow won the UEFA Cup giving the country its first major club trophy in the sport, huge publicity was given to the victory and there were many predictions of the imminent domination which Russia would bring to the soccer world. But teams in Russia found it difficult to maintain the momentum following this victory and they have continued to lag behind the top leagues in Europe.

While the Russian clubs can pay huge money to its players to keep them from leaving the country, they have struggled to attract the top players from around the world. Soon after CSKA's triumph in 2005, another Moscow club, Dynamo, made a huge splash when they announced that they had signed two top players from world power Portugal. However, the joy of these signings was short lived, as these players both failed to adjust to life in Moscow and in a matter of months were gone.

Even when top players do come to Russia, the clubs struggle to keep them, which can be seen by Spartak Moscow's Serbian defender Nemanja Vidic leaving for Manchester United in January 2006.

Attracting top players may be even more difficult for the KHL than their soccer counterparts, since unlike the Soccer League which has its top teams located in Moscow and St. Petersburg,

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the KHL's destinations are a bit less appealing, with many of the top hockey clubs located in provincial cities such as Kazan, Omsk, Ufa, and Magnitogorsk.

The harsh conditions in many of these locales may be easier to handle for hockey players used to the cold of Canada, Scandinavia, or Central Europe, then soccer players from more temperate climates. But that does not mean that players are dying to move to Siberia. While many marginal NHL players and former stars near the end of their careers are now in Russia, there has yet to be one current star sign with the league.

Martin St. Louis is one notable player who turned down a huge contract in Russia during the lockout in favor of a more glamorous lifestyle in Switzerland, and while Yashin and Esche gush about their love of the League, those close to them do not. Esche's family will stay in the States while he competes in St. Petersburg, while [Yashin's model girlfriend Carol Alt summed up the trip to Yaroslavl fairly succinctly](#), simply calling it "not fun."

Of course, many other areas could greatly affect the development of the league, most importantly the state of the economy. The rise of Russian sports has largely come behind the power of a surging economy, but would the many benefactors be as generous if the economy began to slump?

Also of concern is the question of whether the initial hype can last and are the financial backers are interested in the long term fortunes of their clubs. The problem with having men who view the teams as their toy is that after awhile these toys often become a bit boring.

This problem has been experienced recently with Abramovich's Chelsea. After several years of owning the club, he has stopped attending as many matches as he used to and has not seemed as interested in purchasing individual players. This, say those close to him, is a pattern which Abramovich has shown over the years. He is extremely dedicated to something for a period of time and then moves on to something else. They say [his love of football has faded as he has become interested in other areas notably politics and art](#). Whether this same pattern occurs for other Russian teams is an interesting area to observe.

Similarly, what will become of the teams backed by provincial governments? As seen by the

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collapse of the Soviet state and its sports structure, money can be taken away very quickly. Would new people coming to power or other issues that must receive money mean the end of the clubs?

But while these questions are unknown, one area that has been addressed very successfully is the funding of development programs. But building the sport at the youth level is of major importance to those running the game in Russia. Fetisov, in the role of Sports Minister has been influential in the development of hockey. "We are making hockey a high priority," he says and in recent times rinks and hockey schools have popped up all over the country. There are [plans to build more than 100 rinks at schools and universities each year](#)

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And while it is the signing of stars that attracts headlines, it is the development of hockey in Russia which could benefit the most from all the money coming into the sport. Though the problems with the transfer agreement was a major factor in the huge decrease in Russians drafted by the NHL, another factor is that many scouts say the talent is just not there anymore. This is one area that Fetisov and others would greatly like to change and even if the KHL never dominates in hockey, at the very least it will hopefully mean that youth players will no longer have to worry about scraping up enough money to buy skates.

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Peter Morrison is a staff member for the [Business of Sports Network](#) , which includes [The Biz of Baseball](#)

,
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,
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.
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