



A Newcastle fan fully embraces Saudi Arabia's huge impact on the club

'Sportswashing' is only one objective

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The growing influence on sport of investment from the Middle East could scarcely be more evident, as Tom Kershaw explains on these pages. But what is going on behind the scenes? What is the geo-political endgame for the countries involved? And how do their strategies differ?

It seems certain that it is at least in part about advancing the interests of the states in the countries concerned. Buying existing sports organisations gives the owners a seat on the board of relevant associations and the ability to network with those in governing bodies and policy makers.

This can be seen as a mechanism through which "soft power" is exercised. Linked to this, the acquisitions and hosting of events – the 2022 World Cup in Qatar being the most obvious example – enable governments to project a favourable image of the country concerned, seeking to deflect attention away from problematic human rights issues associated with these countries, leading to the accusations of "sportswashing".

However, it is a very varied phenomenon and the impact is probably also varied, more so than meets the eye. There are at least four scenarios.

One is that the investment occurs under the radar. Some Middle

Eastern involvement in sport occurs indirectly through private equity groups, and the ultimate source of the investment is not always widely known. While some of these are reported in the press – such as the apparent involvement by the Qatar Investment Authority, the sovereign wealth fund of the country, in the bid led by the investment group Thiel Capital for the Phoenix Suns, an NBA team – many other investments do not attract attention.

It is thought that sovereign wealth funds from the Middle East have established significant investments in private equity groups that have taken stakes in a range of sporting organisations. For instance, Sanabil, the Saudi sovereign wealth fund, has made investments in such groups as CVC Capital Partners, a private equity group, that has built stakes in sports rights-holders such as Premiership Rugby, La Liga and the WTA. In such cases, the opaqueness of these investments means that the extent to which they lead to sportswashing must be limited.

It is possible, however, that influence or soft power will still be exercised through the ownership links, even if they are not clearly visible. Some have speculated that there is "hidden" Middle Eastern investment in some Premier League football clubs, associated with sales of players to clubs in the region at below market levels. Earlier this week, it was revealed that Chelsea had had to provide the Premier League with assurances that the Saudi Public Investment Fund played "no part" in its ownership structure and "would not and could not" become an investor in the club.

A second form is sponsorship. The UAE's flag carrying airline, Emirates, has provided sponsorship to Real Madrid, AC Milan, Arsenal, Hamburg, Olympiacos, Benfica, the Asian Football Confederation and the Emirates FA Cup, and naming rights on a couple of prominent stadiums for good measure.

Aramco, the state-owned Saudi oil company, has many sponsorship deals, such as with cricket's world governing body, the ICC, and in women's golf. Sportswashing is a likely scenario in this situation as

these arrangements can lead to positive impressions of the countries concerned with fans of the clubs and sports. The power and influence of organisations that use sponsorship is probably more limited, however, than investments that entail ownership as the relationships between sponsors and sport are fixed in duration and, to some extent, constitute "arms-length" transactions.

The third scenario is ownership with the acquirers working within the existing structures of the sport. In a first for the US, late last year, NBA owners unexpectedly shifted position, allowing foreign institutional investors, including sovereign wealth funds, to acquire up to 20 per cent of a team. In other countries, Middle Eastern organisations have been able to build full or controlling stakes and work within an existing institutional structure, and indeed succeed, within this structure. The takeover of Newcastle United by the Public Investment Fund of Saudi Arabia and the success the club has had within the Premier League is a case in point.

The ability to exercise soft power, working within the existing architecture of the sport, is certainly a possible outcome, and opening up opportunities for other Saudi-based entities – witness the Sela sponsorship deal – is a further element of this. A move to project a positive vision of their nationality is also evident in some cases of this sort, such as the outreach activities

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initiated by the Abu Dhabi group in the vicinity of the Etihad stadium.

The fourth scenario also involves ownership, but a more assertive, even aggressive, approach to the status quo. The prime example of this is the LIV merger with the PGA Tour in America and Europe's DP World Tour, which followed a bitter and lengthy battle in the preceding months.

The common interpretation is that the merger was on the terms set by the Public Investment Fund of Saudi Arabia. Whether such a hostile challenge to an existing institutional structure draws attention away from the poor human rights record of the country in the way that some, such as Amnesty International, have argued is questionable. What is not in doubt is that this has given Saudi Arabia more power, and not really of the soft variety.

In certain circumstances, then, the emergence of these "new global players" in sport is indeed associated with a concerted attempt to improve the nation's image in other countries, or "sportswashing"; in other situations, however, this appears to be less likely. Similarly, investment in sport by these bodies may lead to opportunities to exercise soft power, but in some scenarios the power may be limited and in others there may be rather little that is "soft" about the power that is exercised.

Middle Eastern investment in sports seems to involve the advancement of a range of tangible interests and the pursuit of multiple concrete goals, playing a part in a "changing world order".

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