Gulf Sovereign Wealth Fund Investment in Western Sports Teams

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Introduction

The Gulf Cooperation Council (GCC) countries have notoriously been accused of sportswashing, a tactic to improve one's public image using sports. The use of Gulf Sovereign Wealth Funds (SWFs) to buy Western sports teams is a step further from this; it is a way to build geopolitical soft power. Investment in sports has become an important tool to advance the state's economy and improve ties with foreign governments. The increasing involvement of Gulf SWFs, specifically the Saudi Arabian Public Investment Fund (PIF) and Qatar Investment Authority (QIA), in acquiring Western sports teams has sparked considerable debate and raised numerous questions about the implications for global sports and human rights.

The Gulf SWFs have shown a marked interest in the English Premier League. The acquisition of Manchester F.C. by UAE's Abu Dhabi United Group, which transformed the club into a financial powerhouse, has been criticized by many due to their violations of UEFA's Financial Fair Play Regulations. Investments such as this one have drawn scrutiny over sportswashing and the unfair use of excessive investments. In addition to buying sports teams, the Gulf countries use sponsorships to rebuild their image, most notably by using popular airlines such as Emirates and Etihad.

Beyond football, Gulf Funds' investments extend into golf, namely the Saudi Arabian PIF-backed LIV Golf, which was created as a competitor to the PGA Tour. Moreover, the discussions in the last year of a merger between LIV Golf and PGA Tour have sparked further controversy, most notably due to the lack of transparency and the creation of a Saudi Arabian-backed golf monopoly. Like their football investments, these also face accusations of diverting attention from human rights issues.

The acquisitions of Western sports teams by Gulf SWFs represent a complex interplay of economic strategy, geopolitical maneuvering, and efforts to reshape national images. These investments bring significant financial benefits and global exposure to the countries, at the expense of the rights of their citizens. This raises critical ethical and human rights questions that need careful consideration.

Role of Sovereign Wealth Funds in the Global Economy

Sovereign wealth funds are state-owned investment funds or entities that have the power to influence markets, industries, and economies worldwide. Over the past decade, sovereign wealth funds have emerged as a significant and influential force in global finance. These Funds are said to encourage international cooperation by leveraging their capital for strategic purposes, as well as increasing national wealth.

The Gulf's Sovereign Wealth Funds hold important economic power as they manage portfolios exceeding $4.1 trillion. To put this in perspective, this amount exceeds the UK's GDP for 2023 and represents over one-third of the $12 trillion managed by sovereign wealth funds worldwide. The next largest sovereign wealth fund is the Norway Government Pension Fund Global, with $1.6 trillion worth of assets as of June 2024. The Gulf's SWFs have been known to consolidate political and economic power in the hands of undemocratic leaders by enhancing the influence of authoritarian political regimes.

Amongst the most influential SWFs worldwide are those from the Gulf region, specifically the Public Investment Fund (PIF) of Saudi Arabia, the Qatar Investment Authority (QIA), and the Abu Dhabi Investment Authority (ADIA). ADIA was founded in 1976 and manages approximately $933 billion in assets, down from $1 trillion pre-2008 crisis, making it the largest SWF of the Gulf countries and fourth in the world.

The Qatar Investment Authority (QIA) was founded in 2005 and is estimated to have $475 billion in assets as of 2023. The QIA fund is being used to further the country's economic goals, namely through the Qatar National Vision 2030; a development plan launched in October 2008. This plan has been criticized due to its lack of focus on rights, and no concrete details on how to achieve more justice and equality. Moreover, the Fund has a section dedicated to investing in sports called the Qatar Sports Investment Group (QSI), which funded the 2012 Olympic Athlete Village in London, as well as acquiring large sponsorship deals with the European football teams Paris Saint-Germain (PSG) and F.C. Barcelona.

Public Investment Fund (PIF)

The Saudi Arabian SWF Public Investment Fund (PIF) was founded in 1971 by the former King Faisal of Saudi Arabia and was restructured in 2015 under the control of the Saudi Arabian Crown Prince Mohammed bin Salman. It currently manages approximately $940.26 billion, up from $776.7 billion at the end of December 2023, ranking it the 5th largest fund globally. Moreover, PIF is set to increase its annual investment to $70 billion a year from 2025. This rapid and sizable increase showcases the power of this fund, and its capacity to become a dominant competitor in the field. Given that, as mentioned earlier, these funds are used to grow international relations, this means that Saudi Arabia will likely exponentially increase its influence in Western companies and foreign policies. As a result, PIF is being used to re-invent the image of Saudi Arabia to build powerful connections and strengthen its global position.

PIF is a key component of Saudi Arabia's Vision 2030 initiative, a program established in 2016 to boost its economy. The aim of Saudi Vision 2030 is supposedly to reduce the kingdom's dependence on oil, diversify its economy, and promote sustainable development. The initiative envisions the PIF becoming the world's largest sovereign wealth fund, a goal it has pursued by creating a diversified portfolio across multiple sectors, including sports, real estate, tourism, and renewable energy, to generate new economic and diplomatic opportunities globally. The link between this Fund and the initiative is important because the latter has been accused of whitewashing human rights abuses and relying on migrant workers to accomplish the vision. Given Saudi Arabia's human rights violations against migrant workers, this plan has concerned organizations such as ILO and Human Rights Watch. As a result, PIF can be viewed as a means to revamp its image so that it is associated as being an economic powerhouse, rather than a state that enables human rights violations.

Despite its growing influence, the PIF has faced criticism regarding its governance and transparency. Unlike many other sovereign wealth funds that operate independently of direct government control, the PIF is almost exclusively under the control and influence of Crown Prince Mohammed bin Salman. This centralized control raises concerns about the fund's independence and the potential for conflicts of interest.

There have been concerns that PIF's large investments are being used to suppress unfavorable narratives about Saudi Arabia. A prominent example of this is when, in June 2023, Vice Media created a partnership deal with a Saudi Arabian government-owned media company and subsequently suppressed a video against the Saudi Arabian Crown Prince. This is a clear demonstration of the influence that the country has on companies it invests in and partners with, suggesting that PIF could be used not only for economic diversification but also as a tool to reshape Saudi Arabia's global image and manage its international reputation.

Since its inception, the PIF has invested approximately $13.5 billion into sports, highlighting a strategic focus on this sector. These investments include high-profile ventures such as the acquisition of Newcastle United Football Club and substantial stakes in various sports technology and infrastructure projects. The emphasis on sports is part of a broader strategy to leverage soft power and enhance Saudi Arabia's international image.

The PIF's lack of transparency has also been a point of contention as it has not fully disclosed its operations and decision-making processes. On September 13, 2023, the U.S. Senate Permanent Subcommittee on Investigations issued a subpoena to USSA International LLC, a wholly-owned U.S. subsidiary of PIF, due to the Fund's unwillingness to voluntarily cooperate with the Subcommittee's inquiry into their investment in LIV Golf. Despite this reluctance, PIF announced in November 2023 their voluntary compliance with the Global Investment Performance Standards (GIPS) from the CFA Institute. This decision appears controversial given Saudi Arabia's overall lack of transparency, especially as there remains skepticism about the effectiveness of enforcing accountability through GIPS.

Gulf Sovereign Wealth Fund Investment in Sports

As these oil-rich nations seek to diversify their revenue streams and enhance global influence, they are making substantial investments in sports, most notably in the Premier League and Liv Golf. Although one of the most notable areas of investment is the acquisition of sports teams, sponsorships and partnerships are also common strategies.

The ambition of Gulf nations extends to hosting international sports events and sports infrastructure development. Qatar's significant investment in stadiums and facilities for the 2022 FIFA World Cup is clear evidence of this. The UAE and Saudi Arabia have also made significant strides by hosting Formula One races, high-profile boxing matches, and other international sporting events, positioning themselves as key players in the global sports arena.

Gulf sovereign wealth funds have increasingly become prominent actors in the world of football, particularly through significant investments in the English Premier League. On the other hand, its reach in the United States has been more limited. Although there have been talks of Saudi Arabia buying a National Football League (NFL) team, the current NFL rules prohibit foreign investments from sovereign wealth funds in its franchises. Nonetheless, other sports do not have such limitations, meaning that Gulf SWFs have started to reach the US sports scene. In June 2023, the QIA became the first foreign sovereign wealth fund to invest in a major US sports franchise; the basketball team Washington Wizards. It only has a minority stake, partly due to the NBA's rule that no fund can own more than 20% of a franchise. This is a rule that is not present in FIFA, demonstrating why the Gulf SWFs have been able to invest more heavily into football teams, especially in Europe. The deal between QIA and the Washington Wizards is only one year old at the time of writing, so whether the Fund will continue to be as passive, as the NBA Board of Governors requested, is yet to be determined.

The growing presence of Gulf SWFs in Western sports underscores their strategic effort to diversify their economies, strengthen global influence, and utilize sports as a tool for national rebranding and economic development. With their vast financial resources and clear strategic ambitions, the influence of Gulf SWFs in Western sports is set to expand even further in the coming years.

Premier League

High-profile takeovers, such as those of Manchester City by the Abu Dhabi United Group and Newcastle United by Saudi Arabia's Public Investment Fund, exemplify the strategic use of sports investments to enhance global influence, foster international relationships, and diversify economic interests.

The following table shows the Premier League teams that are owned by Gulf SWF, or people linked to the government.

Teams	**Majority ownership**	**Since?**	**How much was it bought for?**
Newcastle United	80% by Public Investment Fund (PIF)- Saudi Arabia	October 2021	Reportedly £305m
City Football Group (incl. Manchester City)	81% by Abu Dhabi United Group (headed by Mansour bin Zayed Al Nahyan)- UAE	CFG since January 2013 and Manchester City since September 2008	Manchester City was bought for over £200m in 2008
Sheffield United	100% by Prince Abdullah bin Mosaad bin Abdul Aziz Al Saud - Saudi Arabia	September 2019	£15m (£10m in 2013 for 50% stake and £5m in 2019 for the rest).

Table 1: Premier League teams owned by Gulf countries.

The change of ownership of the above teams has not gone unnoticed, especially the acquisition of Newcastle United. Most notably, former Liverpool FC coach Jurgen Klopp questioned the Premier League's approval of PIF's acquisition of Newcastle. Given that PIF is chaired by Saudi Arabia's crown prince, which also has six Saudi Arabian ministers and an advisor to the royal court on its board, he emphasized that the team was now owned by Saudi Arabia. Before October 2021, PIF had already bid to acquire Newcastle United but withdrew in 2020 amid concerns that the Fund was part of the Kingdom. Merely a year later, it managed to acquire a majority stake in the team with the Premier League's assurance that the Saudi Arabian government will not run the club - even though the Crown Prince and Yasir al-Rumayyan, the new non-executive chairman of Newcastle United, are very close. It is evident that the Kingdom has a large influence on PIF, so even though the team is not owned directly by a member of the Crown family, it is difficult to separate being owned by PIF and the Kingdom.

Despite the skepticism, many fans backed the acquisition of Newcastle United by PIF and showed this by waving Saudi Arabian flags and tweeting their contentment. This is a clear demonstration of how investment in sports can help oppressive countries such as Saudi Arabia change their image. These fans are linking Saudi Arabia with money, and thus a key actor to improve their beloved team, rather than a human rights violator. This is dangerous because it contributes to the Kingdom's impunity for human rights violations.

The UAE's control of Manchester City has also resulted in many controversies; namely issues of transparency and funding. After Mansour took over control of the team in 2008, the spending on players has exponentially increased, leading it to be one of the most successful teams. Findings from DER SPIEGEL in 2022 showed that the holding company behind the team appears to have violated the FFP regulations by paying millions in fees to player agents.

In addition to the successful acquisitions, there have also been failed bids. Most notably, Qatar's bid to acquire full ownership of Manchester United. The two front runners for the Manchester United bid were Sir Jim Ratcliffe, the Managing Director of Ineos, and Qatari billionaire Sheikh Jassim, son of the former Qatari prime minister. Sheikh Jassim bid through the non-profit entity called the Nine Two Foundation and, although sources initially insisted that Sheikh Jassim was bidding alone, it has come to light that the QIA and the Qatari National Bank might have been behind it.

Notable sponsorships

Owning football teams is not the only way that Gulf SWFs can access and invest in these teams. Between the 2018 and 2023/2024 seasons, Emirates, which is owned by the Investment Corporation of Dubai, gave Arsenal $280 million as part of their shirt partnership. This large sum gives them access to retain marketing rights, while a separate deal gives the airline the naming rights of the club's stadium - the Emirates stadium.

The airline has been dubbed the "driver of public diplomacy" for the UAE because as the third-best airline in the world, it allows the country to be associated with a positive image of renowned customer service rather than a country perpetuating human rights violations. As a result, Emirates having marketing rights allows the government to market a positive façade of the UAE to the rest of the world.

The UAE is also using the prominent airline Etihad, a sponsor of Manchester City since 2009, to whitewash its image. However, this partnership has come with many controversies. Leaked documents have allegedly demonstrated that only a fraction of the money Manchester City was owed under the partnership agreement came from Etihad, while most of it came from Abu Dhabi United Group. Sheikh Mansour bin Zayed al-Nahyan has reportedly arranged payments amounting to £30m on behalf of Etisalat – an Emirati telecommunications company – through his company Abu Dhabi United Group (ADUG) for sponsorship in 2012 and 2013. This lack of transparency is a big issue given that not only was the source of the funding unclear but also because it is in breach of the Financial Fair Play (FFP).

LIV Golf

The Kingdom of Saudi Arabia, through its Public Investment Fund (PIF), has become the cornerstone financier of LIV Golf, a golf tour established in 2021 as a competitor to the PGA Tour. To date, PIF has invested more than $2 billion in LIV Golf. The tour's exponential growth has raised questions over Saudi Arabia's attempt to sportswash its image using its unjustifiably large investment in golf. This growth attracted PGA Tour players who left to join LIV golf, thus creating further controversy. Saudi Arabia's financial backing has elevated the group to a level that the PGA could not compete with, which is why PGA Commissioner Jay Monahan had initially suspended players who took deals with LIV Golf. This financial divide, much like in the case of the funding for Manchester City, shows a pattern of how Gulf SWFs are using their financial resources to dominate sports and reinvent their image as key investors rather than human rights violators. This also speaks on a more nuanced issue whereby the Funds are being used to marginalize competitors so that they can form a monopoly in the field. This is why the talks of LIV Golf's merger with PGA, headed by the Saudi Arabian Crown Prince have brought much controversy.

Merger with PGA and DP World Tour

The controversial merger between LIV Golf and PGA was announced by the presentation of a framework agreement on 6 June 2023. Even though this agreement was meant to be finalized by 1 January 2024, nothing has come to fruition yet. In the final Agreement of 30 May 2023, there is a non-disparagement clause which would mean that players could be prohibited from criticizing Saudi Arabia. This raised a big human rights concern as it is imposing restrictions on freedom of speech in a country, the United States, that is a proponent of freedom of speech. When the Prince was asked about it, he gave a non-answer stating that they could say anything that was in line with the agreement.

Many players, especially those who had previously rejected offers from the Saudi Arabian-backed LIV Golf to join them, have complained about this merger. Particularly on the perceived hypocrisy of PGA Commissioner Jay Monahan who was initially against Saudi Arabia's investment in LIV Golf, but has since accepted the merger and thus the investment of PIF in the PGA Tour. Moreover, players of the PGA Tour, such as Michael Kim and Mackenzie Hughes, highlighted issues of transparency as they were not aware of such talks until it was announced publicly. Some players believe that this merger was done in secrecy and only involved the top executives. This undemocratic process is problematic given the extensive effects of this merger. It is unclear exactly how this merger agreement came to be, but Democratic U.S. Senator Chris Murphy of Connecticut has tweeted calling out PGA officials for being in his office just months prior to the announcement talking about how Saudi Arabia's human rights crimes should disqualify them from having a stake in a major American sport. This highlights an ongoing pattern of how investments can overshadow human rights concerns and demonstrates the true power of money in sports.

Human Rights Concerns

The acquisition of Western sports teams by Gulf sovereign wealth funds has raised significant human rights concerns. Critics argue that these investments serve to enhance the global image of countries with poor human rights records, diverting attention from issues such as freedom of expression, women's rights, and labor conditions. All of these have led to concerns that Gulf countries, specifically Qatar, Saudi Arabia, and the UAE, are involved in sportswashing.

Qatar has notoriously been in the spotlight for its poor treatment of migrant workers, particularly in the construction projects for the 2022 FIFA World Cup. Human Rights Watch has been vocal about Qatar's use of high-profile sports investments, such as PSG ownership, to distract from its human rights abuses, including the exploitation of migrant workers and restrictions on freedom of expression.

Human rights have been sidelined from sports, as Sacha Deshmukh, Chief Executive of Amnesty International UK, has stated. Deshmukh expressed his concern about the acquisition of Newcastle by PIF in relation to human rights violations. More specifically, he criticizes that the owners' and directors' tests do not include human rights-complacency tests. Without references to human rights in the process of acquisitions, wealthy human rights violators can take controlling stakes of teams that are supposedly abiding by FIFA's respect for human rights. By omitting human rights, the clubs are condoning unlawful behavior and breaching their commitments.

Saudi Arabia's Public Investment Fund has been at the center of human rights concerns, leading to legal battles. According to documents in a Canadian lawsuit analyzed by Human Rights Watch, PIF has been linked with the 2017 anti-corruption crackdown. This involved a close aide of the Crown Prince asking Yasir al-Rumayyan, the new non-executive chairman of Newcastle United, to transfer the assets of 20 companies to PIF. This anti-corruption case directly helped increase assets to PIF.

Moreover, documents from the investigation reveal that one of the 20 seized companies was a charter jet firm, which was later implicated in the Saudi Arabian plot to assassinate Jamal Khashoggi. A declassified US intelligence report from February 2021 concluded that Prince Mohammed sanctioned Khashoggi's brutal killing, further linking PIF to a human rights violation. This is supported by the UN report on the unlawful death of Jamal Khashoggi, which identifies the plane that transported the team to execute Khashoggi as belonging to Sky Prime

Aviation, owned by the PIF. As a result, the involvement of Saudi Arabia, and also those involved with PIF at the time, in Khashoggi's death is indisputable.

Concluding remarks

The Gulf countries' use of their sovereign wealth funds to invest in sports is a clear strategy to improve the state's image, divert attention from their human rights violations, and strengthen foreign relations. The most notable concern is the lack of human rights considerations and guidelines in sports. Without clear guidelines and enforceable policies, human rights are sidelined in sports with financial investments taking priority.

Unlike the NFL, the Premier League does not set a limit on foreign or private investment, which is why Gulf SWFs have been able to acquire controlling interests in multiple teams. This is especially clear with the acquisition of Newcastle United by PIF. Despite assurances from the Premier League that the Saudi Arabian government would not directly control the club, the close ties between PIF and the Crown Prince raise concerns about the extent of governmental influence. Jurgen Klopp's public questioning of this approval underscores the unease felt by many regarding the true independence of these funds from their states.

The LIV Golf merger with the PGA Tour demonstrates how money can be used to overshadow human rights concerns. Moreover, Saudi Arabia, a country with no golf history, is forming a monopoly on the sport. This raises severe concerns about the country's ability to influence foreign organizations.

The growth of investments may lead to GCC countries becoming major stakeholders in sports, meaning they can leverage this to influence foreign policy. With a prevailing incidence of impunity for human rights violations, this trend could severely undermine any progress made to hold the countries accountable for their violations.

Recommendations:

1. As stated by Sacha Deshmukh, human rights-competency tests must be incorporated into the owners' and directors' tests.
2. FIFA must strengthen its commitment to human rights and create an enforceable standard for all its teams. This should include, but is not limited to:
    a. Ensuring all players respect human rights, whether in their professional or personal lives
    b. Investigations into all major investors to ensure they are upholding international human rights standards
    c. Ensuring that all infrastructure is built humanely, and the conditions of the workers are up to international standards.
3. Overall, international human rights standards should be streamlined in all areas of sports.