



# Why is Saudi Arabia Spending Billions on Sports?

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For years, Saudi Arabia has been a global titan in the oil industry. Yet, considering a world moving progressively away from oil as its primary source of energy, Saudi Arabia seeks to diversify and develop other areas of its economy, such as international business and tourism. However, years of repressive human rights abuses have given the country a negative reputation on the world stage, which can be a significant challenge when hoping to partake in other areas of the world economy outside of oil. The Saudi royal family plans to address this perception through sportswashing, turning their country into the Mecca of Sports.

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## HISTORICAL CONTEXT

The Al Saud and Wahab clans allied themselves to jointly create the First Saudi State, lasting from 1744-1814. This First Saudi State was defeated by the Ottoman Empire, and the Second Saudi State was formed in 1818 and lasted until 1891 when Muhammad bin Abdullah Al Rashid of Ha'il removed "the last Saudi leader Abdul Raham bin Faisal" after the Battle of Mula'ida (JSTOR, Wagemakers). The House of Saud fled to Kuwait and emerged in 1902 when Abdulaziz bin Abdul Rahman Al Saud, better known as Ibn Saud, "infiltrated Riyadh by stealth" and recaptured Riyadh (NGULF). Ibn Saud would later fight against the Rashidi Clan and the Kingdom of Hejaz to form the modern day Third Saudi State, better known as the

Kingdom of Saudi Arabia. Throughout all of this, the alliance with the Wahab clan was decisive in creating the Saudi state. Subsequently, the dominant religion of the nation was Wahhabism, a form of Sunni Islam that "insists on a literal interpretation of the Koran" (Frontline). The nation first discovered oil in March 1938 at "a depth of 1440 meters in the Dammam oilfield." (OPEC) Since then, Saudi Arabia has been a global titan in oil production and exportation. Further digging unveiled the Al-Ghawar oil field in 1948 as the world's largest oilfield, with estimates claiming the oilfield has "more than 120 billion barrels" within (Britannica). These massive oil reserves brought massive potential for the Saudi regime as Western

nations sought oil to industrialize and contribute to developing their own nations. The eagerness by the West to purchase Saudi oil made the Saudi regime worth more than “\$1.4 trillion, four times the combined value of two of the world’s top billionaires” (Hieu, VNExpress). This lavish oil wealth gave the Saudi

royal family immense influence and power, while also bolstering their historical allies, the Wahhabis -- thus fueling the promotion of Wahhabism. This strict form of Sunni Islam has been the source from which several human rights abuses have been committed in the kingdom.

## **RIGHTS ABUSES LINKED TO STRICT WAHHABISM**

Among these include LGBTQI+ rights not being “legally recognized” or protected in the nation (Amnesty International). Any public display of affection in an LGBTQI+ relationship faces severe stigma and legal consequences ranging from fines to the death penalty. Media coverage in Saudi Arabia is strictly controlled. Journalists in the nation are mindful of their criticisms of the government, leadership, or the state. Catching global news headlines was the state assassination of Jamal Khashoggi in the Saudi Consulate in Türkiye in 2018. Jamal Khashoggi, dissident Saudi journalist working for the Washington Post, was assassinated for criticizing Prince Salman’s support of the Afghan mujahideen. Jamal’s murder was “internationally condemned” and caused a diplomatic crisis between “Saudi Arabia and some of its closest allies,” including the United States (BBC). Women’s rights are another topic that is affected by Wahhabism. Within the nation, there is a “repressive guardianship system” where women must receive the permission of a male guardian to do many habits that we consider trivial in the West, such as “travel, education, employment, marriage and divorce, and elective surgery” (Cardova, Institute of International Relations Prague). This guardianship law is not written into the Constitution of Saudi Arabia.

Yet, it is unofficially implied and understood within official institutions such as hospitals, police stations, work environments, and banks. These issues and more have projected Saudi Arabia as an oppressive, censored, misogynistic, and strictly Wahhabist obeying nation. This image has served to harm Saudi Arabia’s

image in the eyes of the Western world whose media and news outlets frequently put out stories pertaining to the human rights abuses committed by the state. Yet, for many years, the West’s sentiment pertaining to these human rights abuses was brushed aside as by significance reliance on Saudi Arabia for its oil production, which accounts for “11% of the world total” in 2023. Consistent with this reality, countries have ignored the systemic issues in Saudi society (U.S. Energy Information Administration). This near willful ignorance from Saudi Arabia’s consumers regarding the human rights abuses being commitment for the sake of cheap oil made maintaining a good global reputation more of an afterthought for Saudi Arabia. In the eyes of its consumers, oil is a fungible commodity meaning it functions the same regardless of what nation it is procured from. Western policy makers frankly did not stop to consider where the oil comes from, or the implications of giving money to a repressive regime if the oil prices were low for their domestic consumer bases back home. However, with the world now seeking new methods for alternative energy these nations, previously willing to ignore the regime’s more questionable actions, are becoming more vocal about Saudi Arabia’s human rights abuses as they become progressively less reliant on the nation’s oil reserves. Saudi Arabia seeks to protect itself from this global shift away from oil and towards renewable forms of energy. To do this, Saudi Arabia is working to diversify its economy to fortify itself against the ever-encroaching clean energy movement.

## **DIVERSIFICATION**

Saudi Arabia has taken great strides to diversify its economy under its Vision 2030 initiative. Since Vision 2030’s start in 2016, Saudi Arabia’s non-oil sector has increased from 40% to 45% of GDP” since it

began focusing on its the tourism, manufacturing, and logistics sectors. (Fast Company Middle East). Mega projects such as the NEOM megacity and Amaala aim to bolster the nation’s tourism industry. In contrast,

more concentrated programs such as Kafala help domestic industries to access appropriate financing and resources to make their businesses competitive. This shift in economic attention can be seen in the total revenue of the nation; where in 2015, the total revenue of the nation was \$162.12 billion, where “118.39 billion” came from oil exports (73% of yearly revenue), while in 2023 total revenue was \$408.6 billion where “212.8 billion” came from oil exports (52 % of yearly revenue) (Statista, Saudi yearly Oil Revenue). These

## SPORTWASHING

Saudi Arabia has partaken in a sportswashing strategy to improve their global perception of the global populus. Sportswashing is when a nation uses athletic events to improve its reputation amid controversy to avert global scrutiny regarding actions that the state has committed in violation of human rights, crimes, or scandals. The goal of Saudi Arabia is to be so involved on the world sports stage that when the name Saudi Arabia is mentioned, the average Western person thinks about their involvement in the sports community as opposed to that of a state in violation of human rights. This new perception of the country simultaneously increases its global standing while increasing its soft power capabilities by using positive coercion to achieve the country’s foreign policy objectives.

Saudi Arabia has utilized its Public Investment Fund (PIF) to achieve this objective. A key driver of Saudi Vision 2030, the Saudi Public Investment Fund (PIF) manages more than “\$700 billion and allocates more than 70% of its investments in Saudi Arabia” (Halftermeyer, Bloomberg). PIF’s long-term investment strategy is under the leadership of Prince Mohammed bin Salman bin Abdulaziz Al Saud, or in other words, under the direct influence of the Saudi royal family.

To illustrate, PIF has put more than “\$2 billion into LIV golf” and signed several notable golfers, including Bryson DeChambeau and Cameron Smith, who represented LIV golf at the 2024 Masters (ABC, Singh). As of June 6, 2023, PGA Tour and Saudi Arabian owned LIV have announced their intention to create “a new entity” to merge their assets (NYT, Draper).

Saudi Arabia has also taken steps to bolster its presence on the world soccer stage. Saudi Arabia has utilized its PIF to sign global soccer stars such as

efforts to diversify the economy are all to combat the alternative energy movement. However, even with all this diversification, it is all for naught if nations are unwilling to do business with a repressive Saudi Arabia that casts an image to the world of human rights abuses, misogyny, and inequality. To address this, Saudi Arabia seeks to avoid these problems in the world by masking their human rights abuses behind sports

Cristiano Ronaldo, who “joined Al-Nassr in December 2022,” and other global soccer sensations such as Neymar and Karim Benzema (AP, Robson) into Saudi soccer clubs. PIF also purchased “The English Premier League club Newcastle United” in 2021, being the largest in a three-party consortium (CNN, Ebrahim). Since this purchase, Newcastle United has gone from almost being dropped down from the Premier League to being one of the top performing teams in the League due to major investments from Saudi Arabia’s PIF.

Additionally, Saudi Arabia has also made major investments in the world of Formula 1 and boxing. In 2023, Saudi Arabia constructed a “second circuit in Qiddiya and became the global airline partner of Aston Martin ” as well as proposing a new Formula Equal for F1 hosted in Saudi Arabia. (ESPN) The nation has also hosted copious amounts of professional boxing matches in the country since it entered the professional boxing scene in 2018. In fact, the nation has become so prevalent on the global boxing stage it has founded a boxing company using the PIF called Skill Challenge Promotions in 2023 signing “Badou Jack, the former super middleweight champion” of the world. (ESPN)

These investments attract the global population’s attention, as sports attract much more attention than political negotiations or trade deals amongst nations. This puts Saudi Arabia more of a sports paradise than a repressive regime in the eyes of the everyday Western civilian. The principal hope of these purchases is to secure the future of Saudi economic prosperity, seeing continued growth through economic complexity. The general strategy of replacing oil revenue with that from international business and global tourism is the primary objective of these asset allocations. However, though economic diversification is the primary goal of the

Saudi royal family's acquisition of these new assets, it is not the only motive. These acquisitions also serve

a secondary objective, which is much less discussed, ensuring stability in a potentially hostile environment.

## PACIFYING THE POPULUS

Not only projects soft power for the nation on the global stage but serves to win over the Saudi population to the side of the Al Saud regime. During the infamous Arab Spring, autocratic nations such as Tunisia and Egypt had their dictatorships overthrown by the population. In both countries, the demographics of the population consisted of fifteen- to twenty-nine-year-olds having "comprised the largest proportion of the population" during the Arab Spring (Council on Foreign Relations, Bajoria). One of the biggest concerns of these young protesters was lack of job opportunities. In Saudi Arabia as of 2023, the youth unemployment

rate is "15.61 %" which is a major improvement from "19.77 %" in 2021 but is still fairly high compared to the "6.2 %" of U.A.E. in 2022 (Statista). By entertaining the population by means of making Saudi Arabia a sports paradise, the Al Saud regime hopes to keep Saudi Arabia's young population where "sixty-three percent of Saudi Arabia's population... is under the age of thirty" content and happy under the rule of the monarchy (Atlantic Council, Ali). Historically known as bread and circuses, this strategy is the tool of choice for autocracies to pacify their people and today, the new global equivalent to circuses is sports.

## LOOKING UNDER THE SURFACE

Sifting through the flashy headlines of constructing new Formula 1 tracks or acquiring another global soccer sensation brings us to the strategic interests behind the Saudi royal family's rationale for their actions: it believes its future depends on it. To become a prevalent player on the world stage outside of the world of oil, Saudi Arabia must deflect international criticism over its human rights abuses to attract foreign investment in the country. By bolstering its soft power through the regime's sport acquisitions, the country can more easily evade accusations regarding human rights violations and repressive domestic policies. While becoming a massive player in the world of

sports certainly casts a positive image of the nation to the average Western civilian, Western governments may not be as easy to win over. Some businesses and nations may not be willing to look past the human rights abuses the kingdom has committed and push for some level of reform before considering doing meaningful business, outside of oil purchases, with the nation. Sportswashing is undoubtedly increasing Saudi Arabia's global soft power and influence, but to raise its standings with Western nations with different perspectives on human rights, other methods will have to be utilized.

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In addition to writing about global policy Matthew has interned as a representative of the Borgen Project to garner support for poverty-reduction legislation and the International Affairs budget. When he is not involved in international affairs Matthew enjoys learning new languages, traveling, and exploring other cultures, and his New England Patriots.

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