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Saudi Soccer Investment Augurs a Different Gulf Rivalry

by Simon Henderson

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Brief Analysis

Riyadh's purchase of a struggling English club could shift some of the region's core tensions and maneuvering to a different field of play.

Although many U.S. policymakers may not be aware, soccer has been a salient theme of the years-long rift between Qatar and the rival coalition of Saudi Arabia, Bahrain, the United Arab Emirates, and Egypt. The historical origins of these tensions go back decades, perhaps centuries, but a key instigator of the latest rift was arguably the 2010 selection of Doha as host of the 2022 World Cup. To the irritation of its neighbors, this decision elevated Qatar—a small state that was just beginning to emerge as a leading natural gas exporter—onto the wider international stage.

The growing tensions eventually resulted in a full diplomatic breach that lasted from 2017 to earlier this year, ostensibly due to Doha's support for the Muslim Brotherhood and links to Iran. In addition to hampering Qatari construction of the stadiums and supporting installations needed for the World Cup, the four-year rift apparently spurred Saudi-led efforts to emasculate Doha's domination of highly popular soccer telecasts. Previously, the Qatari satellite network beIN had bought the live rebroadcast rights for European matches, but the Saudi-based company beoutQ eventually pirated the signal, enabling subscribers to avoid paying Qatar for the feed.

Two recent Saudi moves may have changed the picture, however. First, Riyadh resolved its dispute with beIN to avoid further legal action, with arbitrators reportedly brokering an agreement under which the Saudis will pay Qatar $1 billion to settle the case. Second, Riyadh finally completed its long-delayed campaign to purchase the Newcastle

United Football Club earlier this week.

The Newcastle sale price is thought to be over $400 million, and higher than the Saudi bid that was rejected in summer 2020. The purchase was made via the kingdom's Public Investment Fund, which leads the consortium of new owners. To dispel controversy regarding the sale, the English Premier League has implausibly claimed that the PIF is not part of the Saudi state, even though Crown Prince Muhammad bin Salman is its chairman. In any case, the PIF's ownership share will be 80 percent, with the remainder held by British investors.

The new soccer lineup in the Gulf is therefore as follows: Riyadh can now claim the prestige associated with owning a Premier League club, though Newcastle is currently languishing in the relegation zone after going winless so far this season. By contrast, Manchester City—which is owned by a brother of de facto Emirati ruler Muhammad bin Zayed—is number three in the standings, one point behind the leader. Another UAE-associated club—Arsenal, whose stadium is sponsored by Emirates airline—is in the middle of the pack. Qatar has a stake in the elite European football scene as well, with Emir Tamim purchasing the French team Paris Saint-Germain in 2011 via a state investment fund.

Despite Newcastle's awful season, the new Saudi owners are no doubt buoyed by the club's large and ardent English fan base. In addition to welcoming the departure of the despised, underinvesting previous owner, most fans are apparently unconcerned about the kingdom's poor human rights record, which has led some local media outlets to dub the purchase "sportswashing." One of the new British shareholders has suggested it will take five years to turn the club round in terms of improving its facilities and developing a winning team. Yet the benefits for Riyadh could be faster, particularly in reinforcing the image of a changing social environment inside the kingdom, a key part of the crown prince's Vision 2030 plan. Hence, there is little doubt he will be paying close attention to this latest investment.

Simon Henderson is the Baker Fellow and director of the Bernstein Program on Gulf and Energy Policy at The Washington Institute. ❖

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