



Geopolitical **Risk Index**

*UNDERSTANDING
SAUDI ARABIA'S
INVESTMENTS IN
SPORTS*

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I. Introduction

Saudi Arabia is the largest country in the Middle East and the only one to be a part of the G20 major economies. Covering the majority of the Arabian Peninsula, it is the fifth-largest country in Asia and was unified in September 1932 under a unitary Islamic monarchy. Saudi Arabia's historical strategy for gaining and maintaining authority on a global scale has been through the science and technology used to harness the power of oil and water, fueled by their expansive revenues (Jones). It is an active founding member of the United Nations and OPEC (Organization of the Petroleum Exporting Countries).

This paper will examine Saudi Arabia's use of Sports as a geopolitical tool, using existing literature and concepts. We have chosen Saudi Arabia due to its unique geopolitical position in the Middle East near the African Horn and the Suez Canal. In addition, Saudi Arabia has changed socially, politically, and economically in recent years, which has substantial implications for its position as a global power.

While sports have been involved in foreign policy since ancient Greece, as they declared Olympic truces to ensure the safe travels of athletes during the games, their role in geopolitical strategy has changed significantly. Early theories of geopolitics would see sports within the internal sphere of nation-states, whether the use is to enhance patriotic sentiment or to convey an image of the strength of a government (in particular, the theories of Rudolf Kjellèn and Friedrich Ratzel).

This use of sports as a geopolitical tool was the strategy of Italy potentially wishing to exhibit its strength as a unified country after World War I to many of its geographic neighbors: Italy, Germany, Spain, the Netherlands, Hungary, Czechoslovakia, Sweden, Austria, Switzerland, and Egypt. In 1934, Italy participated in and hosted, for the first time, the World Cup and won, and four years later, Italy won again ("1934 FIFA World Cup"). Both victories were highly significant in reinforcing the unified idea of the Italian nation that the fascist regime sought to assimilate towards a people still reeling from the glories of the First World War, heterogeneous and with a still loosely defined common identity. In this case, leverage was placed on pride, and the familiar concept of identity matured through a sporting victory.

The best example of the contemporary use of sports to promote diplomacy, also known as sports diplomacy, occurred during the Cold War after World War II. The United States enforced an embargo on the People's Republic of China (PRC) after it entered into the Korean War in 1950, and as a result, the two nations had no diplomatic or economic relations for the next 20 years. This US geostrategy of containment of Spykman's Rimland would eventually lead the two nations to see a benefit in diplomatic cooperation.

The PRC had a history of using sports in the case of diplomacy; for example, during its isolationist years, athletes were one of only a few who were allowed to travel overseas, but never with a divide as great as between the PRC and the US. During the 31st World Table Tennis Championship on April 6th, 1971, in Nagoya, Japan, the US team was invited to visit China. The exchange of ping pong players that followed paved the way for Richard Nixon's visit to Beijing in 1972 (Minami). This was a strategic move for both nations with strong connections to geopolitical tension as China wanted allies during escalating tensions with its neighbor, the USSR, and the US to leverage for peace Vietnam, which China bordered. This form of sports diplomacy, which was then appropriately named ping-pong diplomacy, was based on each party's geopolitics and geographic

neighbors' tensions. Following the fall of the USSR, there was one remaining superpower, the US, and under this world order, the ability of sports to open up diplomatic discussions between countries was relatively forgotten, and hyper globalization began to take root, with global trade on the rise.

II. Saudi Arabia on a Global Stage

New threats and building geopolitical tensions have pushed Saudi Arabia to consider alternative geopolitical strategies. Recently, the global recognition of climate change and the damage of fossil fuels, most notably the UN Climate Change Conference's Paris Agreement adopted by 196 parties, which bound countries to plan to reduce greenhouse gas emissions by 43% by 2030 ("Process and meetings The Paris Agreement"), signaled a global shift away from the same fossil fuels. As a result, Saudi Arabia and other OPEC+ countries have been slowing production to hedge against the risk of decreasing oil demand and keep the price of crude oil from falling (U.S. Energy Information Administration).

With crude oil as the foundation of Saudi Arabia's economy and geopolitical power, the Kingdom is forced to find other ways to drive its economy. In addition, Saudi Arabia recently experienced a political shift in power for the first time since the death of Saudi Arabia's Founder, King Abdulaziz Al-Suad, as Mohammed bin Salman became crown prince in 2017 and appointed Prime Minister in 2022 ("Economic and Social Revolution in Saudi Arabia - September 2023").

The much younger Mohammed bin Salman better reflected the age demographic of Saudi Arabia, in which approximately 50% of the population is under 25 years old (Yaakoubi et al.). The region of the Middle East has experienced rising geopolitical instability that further threatens transport corridors surrounding Saudi Arabia. With tensions increasing within the Israeli-Palestinian conflict and global distrust in the Suez Canal since the blockage in March of 2021 that stranded an estimated \$9.6 Billion worth of trade goods, there has been more pressure than ever to create alternative transport routes in the region and elsewhere (Harper)(Viewpoint). Perhaps as a competitor to China's Belt and Road Initiative, during the most recent G20 summit in New Dehli, the US UAE, Audi Arabia, and the EU to establish a transport and economic corridor from south Asia to Europe — the India-Middle East Corridor aka IMEC (Avadaliani). Saudi Arabia sees IMEC as an opportunity to support its 2030 goals.



Figure 1. Planned Middle Eastern Transport Corridors (IMEC labeled in blue)

Vision 2030 Plan

In the face of new geopolitical tensions and shifts of power, Saudi Arabia's Crown Prince Mohammed Bin Salman Al Saud introduced a bold and comprehensive reform plan for the country in 2016 called Vision 2030. The plan aims to diversify the Kingdom's economic reliance away from fossil fuels by developing public service sectors such as health, education, infrastructure, recreation, and tourism. As Saudi Arabia has such a young population, the plan's timeline matches the period when the consumption and price of fossil fuels decline and when the aging population enters the workforce.

Saudi Arabia hopes to combat the threat of stagnation of geopolitical influence through a uniquely broad public investment into other industries and quality of life indicators. It was spearheaded by Saudi Arabia's Crown Prince Mohammed Bin Salman Al Saud through a \$3.2 Trillion Public Investment called the Vision 2030 plan (Kapadia).

Beyond expanding its potential geoeconomic power by industries, Saudi Arabia hopes that the investments also provide an opportunity to sculpt a new image of the nation and its position on the global stage. The plan includes infrastructure projects like NEOM, a \$500 Billion megacity that could host innovation and technology development. A critical aspect for corporations is that many industries in Saudi Arabian are becoming privatized under this plan, most notably Saudi Arabia's state-owned oil company, Saudi Aramco, which was partially privatized in 2019 and ownership transferred to Saudi Arabia's Public Investment Fund (PIF) (Meijermars and Moeller 170).

Additionally, Saudi Arabia included reforms to attract foreign investors and businesses by improving the business environment and transparency. As evaluated by Viewpoint, Saudi Arabia has one of the most attractive business environments in the Middle East. Saudi Arabia likely aims to become the most influential player regionally and globally (Viewpoint).

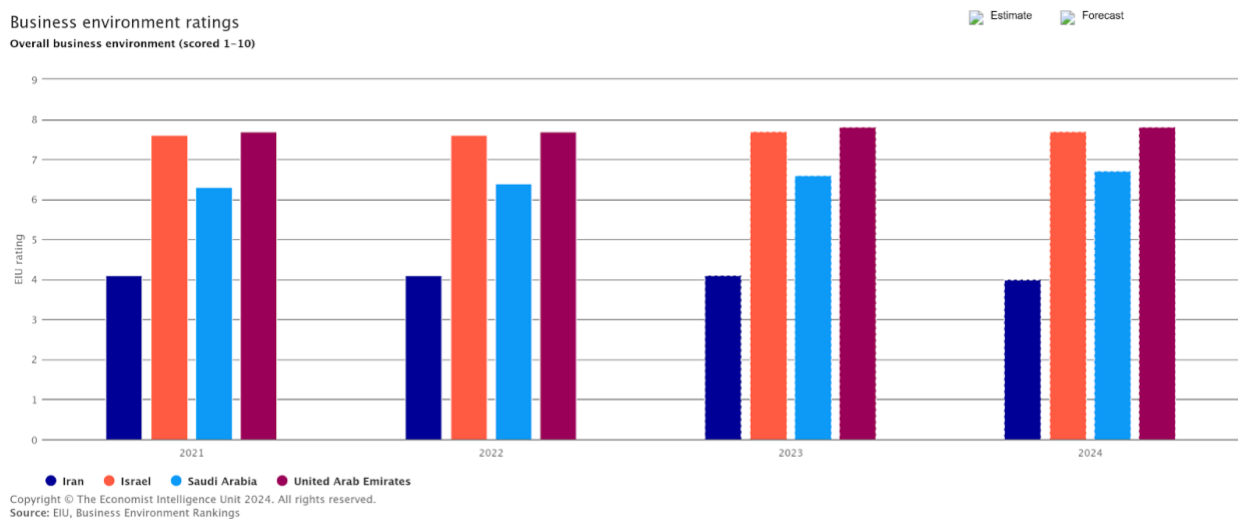


Figure 2. Business Environments of Middle Eastern Countries (According to EIU)

Saudi Arabia's Image Internationally

Beyond Saudi Arabia's need to diversify its economy away from oil, its international image also needs to change (Ferrer). Culturing a new global image establishes the foundation on which a country's competitiveness, public diplomacy, and international relations are built (Alghamdi). Saudi Arabia's existing image relies heavily on the riches and power it obtained through oil, as well as its connection to the Islamic religion, which has many religious sites in the country, like the Hajj and Umrah. The many reforms in the Vision 2030 plan hope to change the country's association with its traditional religious values and oil production.

One of the primary ways people internationally form their perceptions of Middle Eastern countries is through their culture (Alghamdi). Saudi Arabia integrated many political changes in their Vision 2030 Plan aimed at shifting the nation's culture and reshaping societal perceptions in order to promote a more open and progressive image of the Kingdom, that aligns more closely with Western nations. Saudi Arabia has made significant strides in this direction: relaxing social norms such as lifting the ban on women driving, allowing concerts and theatres, and reducing the authority of religious police.

These changes signify a departure from traditional conservatism towards a more liberal and inclusive society (Tanis). Saudi Arabia has invested in infrastructure that supports this new culture, including large sports and entertainment stadiums and smaller local parks in neighborhoods. The development of this infrastructure and events it hosts acts as catalysts for people internationally to hear Saudi Arabia associated with entertainment rather than oil production, eventually attracting tourism and foreign investment in broader industries.

The MDLBeast Festival

The MDL Beast music festival in Riyadh in December 2019 was pivotal in Saudi Arabia's cultural rebranding efforts. The General Entertainment Authority (GEA) organized the festival to showcase Saudi talent, creativity, and cultural vibrancy. Individuals who helped organize the event attested that it aimed to instill a sense of national pride among Saudis while projecting a more open and cosmopolitan image to the international community.

To support the more modern open image of Saudi Arabia, there were both male and female artists in the lineup. Social media and social media influences (SMIs) were crucial in promoting the festival and shaping perceptions of Saudi Arabia as a tourist destination. Artists that were very popular in the western countries like the United States have performed for this festival, including Tiesto, Marshmello, Post Malone, Bruno Mars, David Guetta, and DJ Khaled (Witherspoon). The festival lasts a week long, and can attract audiences of 700,000 people.

The MDL Beast Festival exemplifies Saudi Arabia's strategic use of cultural events to promote tourism, attract foreign investment, and foster social cohesion. By showcasing a modern, progressive image to the world, the Kingdom aims to align its cultural transformation with the broader goals of Vision 2030.

III. Sports as a Modern Geopolitical Tool

Recently, there has been a rise among world powers disrupting the world order. With rising geopolitical instability, the conflict between nations is increasing using economic warfare and leveraging soft power over the traditional military hard powers. In an era of soft power and the growing desire of nations to decouple and become more isolated from the global value chain, sports is more important than ever as a geopolitical tool for cultivating a state's image and maintaining diplomatic relationships as a form of soft power.

They have invested through the Public Investment Fund (PIF), led by Crown Prince Mohammed bin Salman (MBS), to reduce economic dependence on oil, primarily in the international sports world. They have concluded million-dollar agreements with athletes, coaches, and technicians in many disciplines, from boxing to golf, from Formula 1 to cricket, and even in the skiing scene, to host the 2029 Asian Games. Attention is shifting towards tennis and beyond, generating different reactions among sports executives, media, and athletes. For Mohammed bin Salman and Saudi Arabia, sports represent cultural and recreational activities and are a powerful political and geopolitical tool.

International Displays of Statecraft

Sports are often utilized as a form of statecraft, the activities intended to promote a country's development, and display of the strength and culture of a nation. As discussed earlier, Italy displayed its strength to its geographic neighbors by hosting and winning the 1934 World Cup and when hosting for the second time in 1990 displayed their planning, fashion, infrastructure, design, and innovation of a growing Italy. These prior displays of the strength of nation's statecraft relied heavily on the physical space and geographic region. With the proliferation of the internet and globally connected media communications, information is disseminated much quicker than ever before. In tandem, as the value of many sports teams has risen exponentially with the revenue gained from the broadcasting and marketing of these sports. Very similarly to corporations, in the modern age sports teams represent a collection of values. As of 2023, the top ten most valuable sports teams worldwide were all US based and each worth more than \$6 billion (Gough).

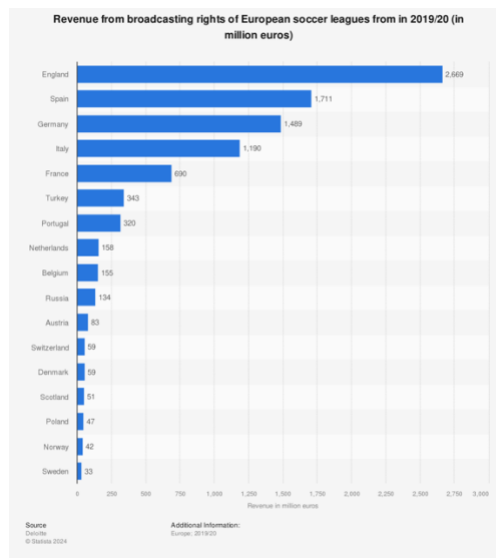


Figure 3. English Premier League Revenue from Broadcasting Rights by Country

The announcement of Saudi Arabia's Vision 2030 and the ambitious infrastructure projects piqued interest and initiated commentary globally. The unilateral commitment of the government to the project alongside the various cultural and political changes, no doubt enshrined Saudi Arabia as a country to watch. With sports, such as the Dakar Rally, Formula E races, or boxing matches, having such cultural significance across the globe, some voiced concerns that Saudi Arabia's investment in sports and announcement of sports and entertainment events were an effort of "sports washing" in which a country attempts to hide its controversial actions by intensely promoting itself through sports (Ali).

Saudi Arabia has received negative attention in the past for its intervention in the Yemen Civil War, alleged sponsorship of terrorism, use of executions, and human rights of women and LGBTQ+ people. Saudi Arabia has particularly lacked transparency in each of these issues, as in the case of terrorism where the Kingdom often uses non-state actors to avoid direct affiliation (Alaaldin).

Qatar World Cup

In the case of Qatar, numerous intriguing aspects emerge that paint an ambivalent picture regarding the dynamics behind the organization of a major sports event. Exploring the various actors and elements involved through a model of winners and losers could further clarify the complexity of the situation. Although Qatar is the smallest state to have hosted a World Cup and despite the presence of numerous logistical problems accompanying the event, Doha's ultimate goals seem to have been achieved. High revenues but, above all, a positive image return.

The other side of the coin shows a different reality. Corruption, a web of interests, the scandal of deaths at work, and the exploitation of migrant labor. The internal side of Qatar failed to benefit and improve despite international attention on the small state. The evidence is provided by the absence of clauses regarding labor protection requested by FIFA after the award. As evidence of this, the huge number of migrant deaths between 2010 and 2021 during infrastructure works. The investigation called Qatargate, which involved about 60 Members of the European Parliament, outlines how diplomacy has also been at the center of scandals. Corruption involved some officials and non-governmental organizations linked to Qatar and Morocco, seeking European support to influence certain strategic issues under discussion in the European Parliament.

Modern Sports Diplomacy

Sports have the unique ability to transcend political and cultural differences, serving as a common ground for dialogue and cooperation. Saudi Arabia often invites foreign dignitaries, diplomats, and government officials to these sporting events, fostering bilateral relations and strengthening diplomatic ties through shared informal experiences and interactions. Sports events facilitate cultural exchange and people-to-people connections between Saudi Arabia and participating nations. Visitors experience Saudi culture firsthand, fostering mutual understanding and appreciation. Furthermore, Saudi Arabia may organize cultural festivals, exhibitions, and heritage tours alongside sporting events to showcase its rich cultural heritage. Saudi Arabia is not the only country that uses this tool as a geopolitical leverage. Other revisionist countries host sport event like the FIFA 2022 World Cup in Qatar, the Abu Dhabi Grand Prix in UAE, the Olympic games in China in 2008 and 2022, and 2018 Football World Cup in Russia.

Hosting sports events is also an opportunity for countries to participate in ensuring infrastructure that connects the two countries. This opportunity is often requires a large capital investment and depends on the following factors: the ability of a host city to accommodate reasonably (stadiums, hotels, transportation networks), tourism (if a country has other touristic pulls to the city or country), local communities (voters need to be on board for investments and want to go to event), Large-scale logistical entanglement is best seen in the hosting of events between countries. This is one reason that Qatar Airways has become a sponsor of FIFA. Logistics can include anything from digital transportation information to communication between private companies. Another example in which this concept is particularly important is media coverage of sports. Media greatly impacts the social perceptions of a country's populations.

Saudi Arabia's investments in football, including ownership or sponsorship of renowned clubs like Manchester City, Newcastle United, among others, forge a powerful connection between the Kingdom and the countries they are located in. This association amplifies Saudi Arabia's visibility on the international stage, providing a platform to reach a wider and more diverse global audience. By aligning with these prominent football clubs, Saudi Arabia enhances its brand presence and establishes itself as a key player in the global sports arena, contributing to its broader strategic objectives of fostering international partnerships and promoting its image worldwide. The Saudi Arabian football league has increasingly attracted European players, contributing to its growth and international recognition. With the influx of European talent, the league has witnessed a rise in competitiveness and global appeal. Players from various European countries bring diverse skills, experience, and professionalism to Saudi clubs, enhancing the league's overall quality.

Saudi Arabia recognizes the importance of remaining integrated into the global value chain amidst trends of deglobalization. As part of its strategy to navigate these shifts, the Kingdom strategically utilizes sports diplomacy to maintain its relevance and influence on the international stage. By hosting sporting events, investing in football, and forging partnerships with renowned clubs, Saudi Arabia seeks to showcase its cultural richness, enhance its global image, and foster international cooperation. Through sports diplomacy, the Kingdom aims to transcend political differences, strengthen diplomatic ties, and promote mutual understanding among nations. In doing so, Saudi Arabia reaffirms its commitment to staying connected to the global community and navigating the challenges of deglobalization while advancing its broader strategic objectives.

IV. Conclusion

Saudi Arabia's strategic utilization of sports as a tool for geopolitical influence and cultural rebranding reflects a multifaceted approach aimed at reshaping its international image and advancing its broader national objectives. Through initiatives such as the Vision 2030 plan and significant investments in sports infrastructure and events, Saudi Arabia seeks to diversify its economy, attract foreign investment, and promote a more progressive and inclusive societal image.

The transformative power of sports extends beyond mere entertainment; it serves as a catalyst for social change, diplomatic engagement, and economic development. By hosting major sporting events like the MDL Beast festival and forging partnerships with global brands and prestigious clubs, Saudi Arabia leverages the universal appeal of sports to project a modern and cosmopolitan image to the world. These endeavors not only enhance Saudi Arabia's soft power but also foster international collaboration and cultural exchange.

Furthermore, Saudi Arabia's embrace of sports diplomacy underscores its commitment to promoting peace, dialogue, and cooperation on the global stage. Historical examples such as the Olympic truce and modern instances like Ping-Pong diplomacy highlight the diplomatic potential inherent in athletic competitions. Saudi Arabia's efforts to host international sporting events and engage in sports-related partnerships demonstrate its willingness to leverage sports as a means of building bridges and fostering mutual understanding with other nations.

However, Saudi Arabia's sports diplomacy initiatives are not without challenges and criticisms. Accusations of "sportswashing" and concerns about human rights violations persist, underscoring the complexities inherent in using sports as a geopolitical tool. Addressing these issues will be essential for Saudi Arabia to ensure that its sports investments align with its broader objectives of promoting transparency, inclusivity, and social progress.

In conclusion, Saudi Arabia's strategic embrace of sports reflects its recognition of the immense potential of athletics to serve as a vehicle for achieving geopolitical objectives, fostering cultural transformation, and enhancing international cooperation. As the Kingdom continues to navigate the global stage's complexities, its commitment to leveraging sports diplomacy will play a crucial role in shaping its future trajectory on the international arena. Through sustained efforts to promote dialogue, inclusivity, and mutual respect, Saudi Arabia has the opportunity to emerge as a leading force for positive change in the realm of global sports diplomacy.

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