

Background Guide



Football Façade: Soccer Finances

Topic A: Investigating the Financial Motivations of the Saudi Pro League

Topic B: Pro-Player Exodus to Saudi Arabia

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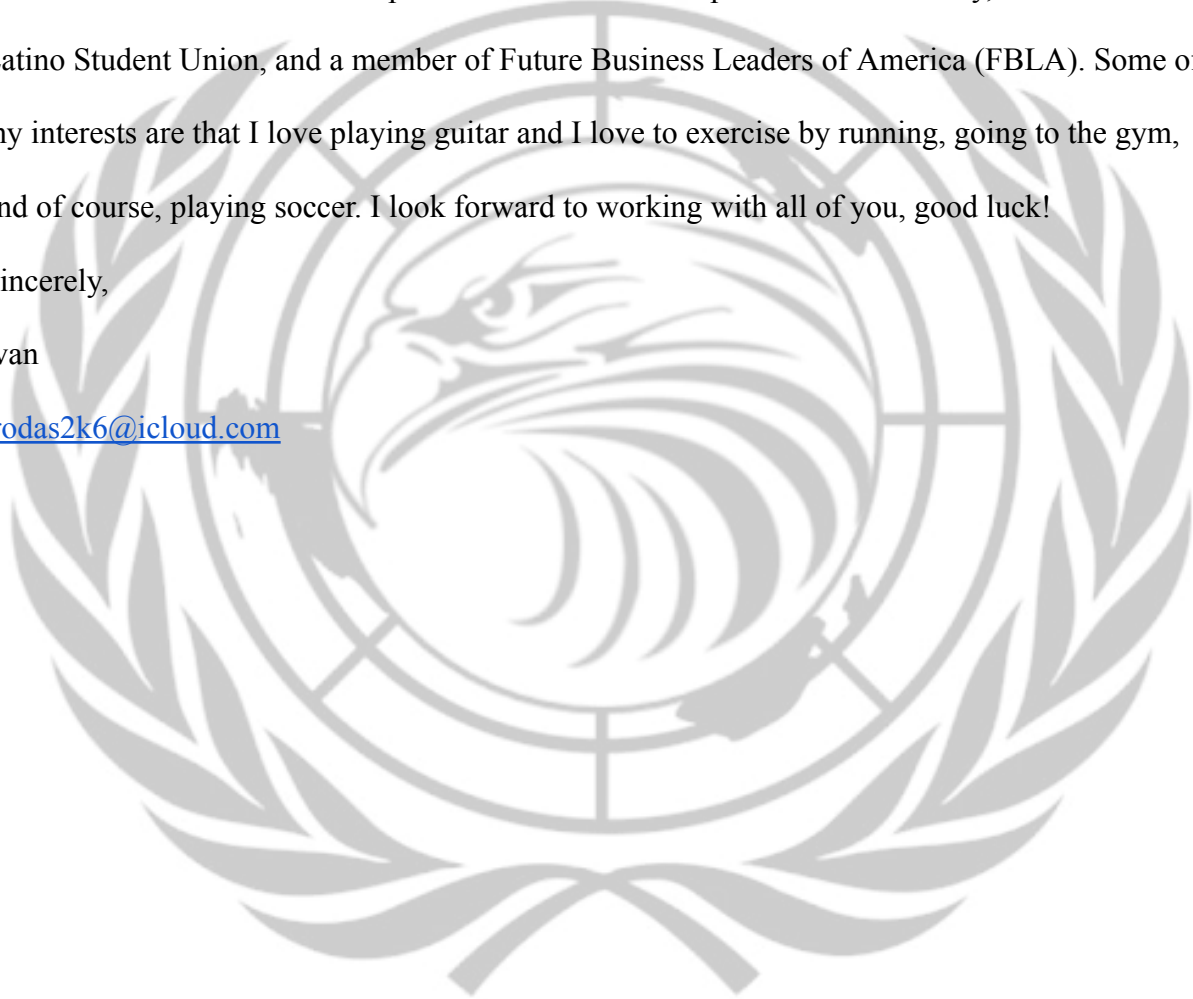
Hello Delegates,

My name is Ivan Rodas and I am the director of Football Façade: Soccer Finances for TAEMUN IX this year. I am a senior at Edison High School and I am trying out new extracurriculars this year, so this is my first year doing Model UN. Some other extracurricular activities that I do are: I am the president of the Edison Spanish Honor Society, a member of the Latino Student Union, and a member of Future Business Leaders of America (FBLA). Some of my interests are that I love playing guitar and I love to exercise by running, going to the gym, and of course, playing soccer. I look forward to working with all of you, good luck!

Sincerely,

Ivan

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Topic A: Investigating the Financial Motivations of the Saudi Pro League

Background:

The Saudi Pro League (SPL) also known as the Roshn Saudi League (RSL) is the highest division of Association Football in the Saudi League System. Its first season of competition took



place during the 1976-77 season with eight teams, however it was not a fully professional league until 2008. Since the 1970s, the SPL has expanded to currently consist of 18 teams.

The SPL is primarily funded by the Saudi kingdom's Public Investment Fund (PIF) which officially is a sovereign wealth fund purposed with investing domestically to uplift the country. The PIF amasses their growing \$776 billion reserve by investing in many national and international companies such as Saudi Aramco, Red Sea Project, and Qiddiya with Uber, Boeing, and Disney, respectively. From their myriad of stakes, the PIF has the allowance to financially back projects such as the SPL and their efforts to rise up to global prestige amongst La Liga, the Premier League, and the Bundesliga. The PIF recently took a majority ownership stake of 75% of four of the country's top clubs: Al-Ahli, Al-Ittihad, Al-Hilal, and Al-Nassr.

It should also be noted that the PIF is chaired by Saudi Arabia's Crown Prince and ruler Mohammed bin Salman. The Prince's control over the PIF has been quietly scrutinized because

the fund is supposed to be sovereign and independent from the Prince's interests. Moreover, the PIF manages more than \$600 billion of Saudi Arabia's oil rich assets which also link the Saudi government to the SPL's finances.

Besides the PIF, the SPL is also funded by their country's ministry of sports. Currently, the ministry of sports is working to renovate stadiums to account for the influx of attention the SPL is receiving since acquiring big football names like Neymar Jr., Cristiano Ronaldo, Karim Benzema, Roberto Firmino, Sadio Mane, and more. Teams in the SPL also do not need to abide by UEFA's rules on spending meaning that they have no limit to what salaries they can offer to players.

Current Situation:

In 2023 alone, Saudi Arabia has seen big transfers starting with Cristiano Ronaldo for around \$200 million in the beginning of the year, Karim Benzema for \$100 million during the summer, and now most recently Neymar Jr., who is expected to draw a salary of almost \$300 million per year during his stay in Saudi Arabia. This doesn't include the failed transfers, most notably, Kylian Mbappe who was offered \$1.1 billion to play for just one year in the SPL.



With Saudi Arabia's recent investments in not only soccer, but sports in general, the PIF and all organizations who fund the SPL have been facing allegations of "sportswashing." This term is used to describe individuals, groups, organizations, or governments who use sports to improve reputations tarnished by wrongdoings. This claim is not totally unfounded, Saudi Arabia has a history of

alleged human rights abuses committed against its citizens as well as those who criticize the country. Saudi Arabian citizens have managed to report imprisonment, eviction, physical abuse,



wage theft, and death as punishment for actions such as criticizing the Saudi government, being a part of the LGBTQ+ community, and not obeying Personal Status Laws. It is suspected that these large investments made by

the PIF are in an attempt to launder the country's reputation and distract everyone from the situation.

Additionally, the PIF has long been considered a very non-transparent organization since they list their investments publicly with no way of seeing the full details of its assets. The PIF accomplishes this under the stipulation that they are under no obligation to disclose this information as a sovereign wealth fund. This concealment has led to international attention and concern regarding the PIF's business practices.

Past Actions:

Saudi Arabia's official motivation for their recent investment in its soccer league is to turn the country into a "soccer powerhouse" and also diversify the country's economy away from oil. In 2016, Saudi Arabia launched their "Saudi Vision 2030" campaign to transform the country's economics and uplift social and cultural life. In response



to the international sportswashing allegations, Mohammed bin Salman, the chairman of the PIF and Crown Prince of Saudi Arabia, has stated that he “doesn’t care” about the accusations. The Prince has declared, “if sportswashing increases my domestic product by 1 percent, then we’ll continue doing sportswashing.”

As part of the Saudi Vision 2030 initiative, the country is currently endeavoring on a “privatization project.” The project encourages public organizations to invest in sports with soccer teams as the priority. Micheal Emenalo, the current director of the Saudi Pro League has stated online that he “doesn’t see historically, what sportswashing has to do with it.” Aside from this comment and the statement from the Prince, there has been no notable attention over the sportswashing and business practices allegations by the SPL, the PIF, nor Saudi Arabia. The country maintains a solid stance that the actions they have taken in sports are for the betterment of their country.

Questions to Consider:

1. How are the teams not currently owned by the PIF receiving financial backing? Are they also making huge investments as part of the Saudi campaign to rise to global prestige ?
2. Who are the other financial backers of the Saudi Pro League? Are they local or international corporations?
3. Are there any financial restrictions to ensure fair play and sustainability within the league?
4. Have any other countries attempted this sort of sports campaign? How did it turn out?

Useful Links:

- [Saudi Pro League Official Site](#)
- [PIF Official Site](#)
- [Explainer: What is Saudi Arabia's PIF and why is it linked to sportswashing?](#)
- [Saudi Arabia 2022 Human Rights Conditions](#)
- [Saudi Soccer League Creates Huge Fund to Sign Global Stars](#)

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Topic B: Pro Player Exodus to Saudi Arabia

Background:

Saudi Arabia's investment in the SPL's infrastructure and rosters is all in an attempt to turn the SPL into one of the best soccer leagues, and be cemented as a footballing powerhouse within the footballing world. Aside from this, another reason for Saudi Arabia's large investment



in their soccer league is their Saudi Vision 2030 initiative to diversify the country's economy by reducing their dependence on oil. Crown Prince and ruler Mohammed bin Salman's Vision 2030 plan for Saudi Arabia is to create a "vibrant society in which all citizens can thrive and pursue their passions."

One of the ways the Prince is approaching his goal is by uplifting Saudi Arabia's football profile. Since the beginning of 2023, many teams in the SPL have been investing large sums of money in signing big name players from leagues in Europe. Starting with Cristiano Ronaldo in January, the likes of players such as Sadio Mane, Riyad Mahrez, Karim Benzema, Neymar Jr, and more have left their former clubs to join teams in the Saudi League. Not only that, but there have been many players who have been offered insane deals to move to the SPL, yet have refused. Most notably, Kylian Mbappe and Lionel Messi both declined billion dollar contracts to move to the Saudi League. By acquiring a roster full of star football players, Saudi Arabia hopes to attract more footballing stars. Additionally, they hope that young Saudi players in the academies grow and develop better skills thanks to the influence of a more prominent soccer culture.

Current Situation:

In 2023, a little under 100 big name players were signed by a Saudi Arabian team, all from Europe. With all of their recruitment, the SPL has spent just over \$1 billion and has achieved second place behind England's Premier League in spending. This being said, the recruitment has not been spread evenly throughout the SPL's 18 clubs leading to intra-club tension. In June of 2023, Saudi Arabia's Public Investment Fund (PIF), a sovereign wealth fund, became owners of four of the SPL's clubs: Al-Ahli, Al-Ittihad, Al-Hilal, and Al-Nassr. This ownership agreement has been the impetus and support behind the SPL's recruitment efforts. The PIF is a \$776 billion reserve purposed with investing domestically, such as through the SPL, to uplift the country.

The PIF's involvement in the SPL has caused an imbalance in club funding, roster ability, and club resources. This imbalance jeopardizes the integrity and infrastructure of the SPL by causing four teams to dominate the other fourteen, not to mention the disproportionate support from fans. Another ramification of the PIF's recent engagement is rising domestic hostility between clubs who feel disadvantaged. Khalid



Al-Baltan, the president of Al-Shabab, protested that “the gap is getting too large, the financial situation does not allow us to compete with other clubs...am I expected to close that huge gap myself?” To put his concerns into perspective, Ronaldo's salary for one season is four times the size of his club's annual budget.

On a global level, there are mixed feelings about the SPL's attraction of star players. Bigger clubs, specifically Premier League owners, worry about the competition from clubs, such as the four in the SPL, owned by sovereign funds who are by nature, not bound by salary caps. On the other hand, smaller clubs across the globe are happy for a new wave of football attention that does not centralize around Europe. That being said, smaller clubs are still threatened by the large offers proposed by the SPL because they push soccer further into an industry fueled by financial prowess and greed.

Past Actions:

While a pro player exodus to Saudi Arabia is great for the advancement of the SPL, many teams from other big leagues in Europe have posed questions on the fairness, or rather, unfairness that the amount of money that the SPL possesses poses. However, the president of the Union of European Football Associations (UEFA) Aleksander Ceferin stated that "European clubs should not be afraid of a player Exodus to Saudi Arabia." He even suggested that the SPL is making a big mistake buying out these players so close to the end of their careers. Researchers compare Saudi Arabia's current sports strategy to a similar effort made by China in the early 2000s.

Some of the big signings to Saudi Arabia this year include Cristiano Ronaldo to Al Nassr for \$100 million, Sadio Mane to Al Nassr for \$30 million, Karim Benzema to Al Ittihad as a free transfer, and Neymar Jr to Al Hilal \$98.6 million.

For many stars however, it seems as though money isn't their main concern and as a result, they have rejected their offers to Saudi Arabia. Players such as Lionel Messi rejected an offer because he desired a calmer life and decided to move to play at Inter Miami in the United States instead, and Son Heung-Min who simply stated that "money doesn't matter to me". Other

players like Luka Modric, Toni Kroos, and Robert Lewandowski, rejected their offers simply because they are too loyal to their current clubs and they didn't want to leave. These failed signings could pose potential threat to Saudi Arabia's current strategy of offering ludicrous contracts to players because some players have other motives to play aside from the financial benefit. This might push Saudi Arabia to find other incentives.

Questions to Consider:

1. What are the motivations behind players accepting SPL offers? Based on your stance, how can these motivations be enhanced or impaired?
1. Are the SPL's high-money recruitments beneficial for international soccer by deconcentrating money and attention from Europe?
2. Does the exodus of star players affect the competitive balance within the domestic leagues in other countries?
3. What is the perspective of the fans, both in Saudi Arabia and in the players' home countries, regarding these transfers?

Useful Links:

- [Summer transfer window 2023: Who has signed for Saudi Arabian clubs? Roberto Firmino, Karim Benzema and more](#)
- [Saudi money could force European football 'in new direction,' ECA claims](#)
- [Saudi Pro League transfer roundup: Neymar, Benzema, more](#)

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