



The Rt Hon Lucy Frazer KC MP
Secretary of State for Culture, Media and Sport
100 Parliament Street
London
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Copied to:
The Rt Hon James Cleverly MP
Secretary of State for Foreign, Commonwealth and Development Affairs

14 March 2023

SUBJECT: The Need to Prohibit State Ownership of Football Clubs

Dear Ms Frazer,

We are writing to you with regard to the government's announcement on 22 February 2023 that it would create a new independent regulator for professional English football. FairSquare Projects is a UK-based non-profit research and advocacy organisation. Among the issues we work on are accountability in sport and the impacts of authoritarianism in the Gulf states.

The White Paper sets out a range of vital protections for English football and we look forward to seeing these implemented, including its commitment to establish an independent regulator backed by legislation, and the intent to strengthen the Owners and Directors test. However we are seriously concerned that there is no reference to state ownership of football clubs and that a proposed "fitness and propriety test" adjudges suitability for stewardship of a club to be based solely on an individual's "integrity, honesty, financial soundness, and competence", and takes no account of whether a prospective owner is acting in the political interests of a state. When asked about this by journalists, the Parliamentary Under-Secretary of State for Sport, Tourism, Heritage and Civil Society clarified that "the state side of things is obviously a matter for the foreign office."

The arguments against allowing states to control football clubs ought to be self-evident, and result from the powers they can exercise. Only autocratic states, with power and wealth concentrated in the hands of unaccountable individuals, are able to sanction the use of sovereign wealth to finance football clubs. Autocratic states abuse their sovereign powers in various harmful ways. They use force arbitrarily and often violently to establish and maintain power domestically and to wage war abroad, and they have the capacity to dispose of vast sovereign wealth without any oversight or transparency. Their involvement in football leaves the Premier League inextricably entwined with, and exposed to, developments in the UK's foreign policy. Their primary motivation for controlling football clubs is typically the reputational benefits that can accrue. Earlier this month, in your capacity as Secretary of State for Culture, Media and Sport, you wrote to the sponsors of the International Olympic Committee and asked them to press the IOC to maintain a ban on Russian and Belarussian athletes, saying that your government was "determined that the regimes in Russia and Belarus must not be allowed to use sport for their propaganda purposes." The reform of club football governance in England provides you with the perfect opportunity to prevent other autocratic states from doing the same.

In the annex to this letter, we have included detailed and specific examples that show why autocratic and abusive states are unfit to control football clubs: they are likely to contribute to systemic instability in the sport, they jeopardise competitive integrity, and they will turn valuable pieces of cultural heritage into branding vehicles for their political interests.

We urge you to revise the criteria in the fitness and propriety test and outlaw ownership of English clubs by states or their proxies. This should at the very least bar any new takeovers, but the regulator should be mandated to identify ways of phasing state involvement out of the game. The proposed independent regulator should be protected from political pressure or interference by rules that dissuade states or their proxies from even attempting to take ownership of clubs. State-owned clubs arguably represent the greatest threat to the sustainability, integrity, and vitality of football in England and beyond.

We would be pleased to meet you or your officials to discuss these issues in greater detail.

Yours sincerely



Nicholas McGeehan
Director



James Lynch
Director

ANNEX: CONCERNS ABOUT STATE OWNERSHIP OF FOOTBALL CLUBS

Use of force and aggression

The risks of allowing English football clubs to be under the influence of autocratic and abusive states, and vulnerable to the decisions of their unaccountable rulers, were most obviously exposed in 2022. As a result of the Russian invasion of Ukraine, the UK government imposed sanctions on [Roman Abramovich](#), the then owner of Chelsea FC, assessing that his business empire, wealth and connections were “closely associated with the Kremlin”. This left the club at risk of bankruptcy, and requiring [special intervention](#) by the government in order that it could survive.

The ruling family of Abu Dhabi used the UAE’s sovereign wealth to purchase Manchester City in 2008 and has transformed its fortunes. The success of Manchester City has provided a global marketing vehicle for Abu Dhabi and the UAE, while the Emirati state has in the past three years alone been credibly accused, among other things, of [torturing a British academic](#) it falsely accused of spying for the UK, [hacking 10 Downing Street](#), and breaching a UN [arms embargo](#) to funnel weapons to a Libyan warlord battling the country’s internationally recognised government. The [Financial Times](#) reported on 1 March that this year senior British, US and EU officials have been lobbying the UAE over “suspected sanctions busting” with regard to Russia. The UAE exported 15 times more microchips to Russia in 2022 than it did in 2021. Saudi Arabia and the United Arab Emirates have together waged a war in Yemen that is now entering its ninth year, and in which they and their coalition have been the subject of numerous credible allegations, including by UN agencies, of [war crimes](#).

According to a credible report by The Intercept, it was only the intervention of the then [US Secretary of State](#) that stopped Saudi Arabia (which now owns Newcastle United), backed by the United Arab Emirates (which owns Manchester City), from launching military action against Qatar (which is bidding to buy Manchester United) in 2017. Diplomatic relations between the countries were not restored until 2021. Emails published in 2015 by the [Daily Mail](#) provided evidence that a director of Manchester City Football Club played a central role in the UAE’s efforts to generate negative coverage of Qatar, related to alleged terrorist financing, in the UK media.

The Roman Abramovich case points to the dramatic limitations to state owners’ claims that they can provide the stability that fans and local communities need. If competing football clubs become proxies for states, particularly ones that have threatened to use force against one another, the consequences for the game could be drastic, undermining not just the stability of individual clubs but the systemic stability of the league, which would be exposed to geopolitical dynamics and insecurity. State ownership additionally leaves the league inextricably entwined with the foreign policy of the UK, which has very substantial political, economic and security interests in the Gulf region. In 2017 the then [Foreign Secretary](#) flew to the region in an attempt to ease tensions between Saudi Arabia, UAE and Qatar, while in 2019 Britain was [accused by UN investigators of potential complicity](#) in Yemen war crimes, for its role in arming and providing intelligence and logistics support to the Saudi Arabia/UAE coalition. Even small shifts in the UK’s strategic posture and bilateral relationships could potentially have major ramifications for football, and vice versa. In 2020 the Saudi Arabian Crown Prince was credibly reported by the [Daily Mail](#) to have warned the British Prime Minister that Anglo-Saudi relations would be damaged unless the Newcastle buyout was approved.

Multi-club ownership and competitive integrity

The ability of autocratic states to disguise the source of funding and to exercise control via third parties that are separate from the state also threatens the competitive integrity of the top echelons of English football and its systemic stability. Last month, we wrote to [UEFA](#) urging them to rule out a Qatari acquisition of Manchester United. A study of Qatar’s political and economic system demonstrates the impossibility of Jassim bin Hamad Al Thani’s consortium proving itself independent of state influence, and thus separate from the ownership of Paris Saint Germain. UEFA’s Statutes are clear on the critical importance of ensuring that no single party can exercise control or influence over more than one club, and this is all the more important when the

owners are states. If joint ownership of multiple clubs becomes the norm, this would hand the keys of club football in England and across Europe to autocratic states characterised by repression and the absence of the rule of law, and in the specific case of Qatar, one that currently stands accused of seeking to corrupt democratic institutions.

It is notable that this month, Newcastle's Amanda Staveley said that the club were looking at a "multi-club model", perhaps along the lines pursued by Manchester City. According to The Athletic, clubs in several European countries, including Belgium, France and Portugal, have been floated as potential partners for Newcastle. As noted in the white paper, a new fitness and propriety test will require clubs to "declare their Ultimate Beneficial Owners [that] will identify who ultimately owns and controls clubs" but given the capacity of autocratic states to disguise the source of funding, it is entirely conceivable that one or more will seek to take control of more than one club, either by stealth, or by placing a corporate veil over a state investment vehicle and offering assurances to regulators.

Financially destabilising impact of state ownership

The White Paper rightly identifies that, "English football is currently endangered by the high and growing risk of financial failure among clubs". However, a critical factor in this phenomenon that is not referenced in the paper, is the capacity of state-owned clubs to outspend other clubs, disguising the sources of their funds. This poses a specific threat to the integrity of English football, by creating unsustainable inflationary pressures. The English Premier League charged Manchester City last month with breaking financial fair play rules around 100 times over a nine-year period between 2009 and 2018. While the club denies any wrongdoing, a Financial Times study last month compared clubs' wage bills and their performances over the past nine seasons and found that Manchester City scored 15 more points per season than would be expected based on their declared wage bill, relative to other clubs: "... there is a reason the Abu Dhabi-owned club has become the lightning rod for criticism of so-called financial doping. Where other billionaire-owned sides have generally shifted themselves along the trendline — spending more money and enjoying a commensurate improvement in performance — City have sheared away entirely, dominating even opponents with similarly substantial wage bills." Qatar-owned Paris Saint Germain has also faced investigations by UEFA for breaches of financial fair play. In September 2022, they agreed to pay UEFA £56 million, nearly double the amount of any of the other clubs fined at the same time, for failing to comply with break-even requirements.

Use of clubs as branding vehicles for abusive states

There is considerable evidence to suggest that the primary motivation for states taking control of football clubs is political rather than commercial, and that club ownership serves as a form of soft power that enables autocratic states to burnish their reputations.

In 2020 we called on the Premier League to disqualify the Saudi-led takeover of Newcastle United FC, on the grounds that Public Investment Fund (PIF) chair Crown Prince Mohamed bin Salman had been assessed by the CIA to have approved the kidnapping or killing of the Washington Post journalist Jamal Khashoggi. Ultimately in 2021 the Premier League accepted PIF's assurances that the Saudi state was not involved in the takeover for Newcastle United, despite having initially argued the opposite including as part of a court case. In 2023, lawyers acting on behalf of the PIF described it to a US court as "a sovereign instrumentality of the Kingdom of Saudi Arabia", and clarified that the chair of Newcastle is a "sitting minister" of the government. Prior to this, in December 2022, Saudi Arabia's ambassador to Norway had openly acknowledged not just the role of the state, but the purpose of the takeover. "You call it sports washing, I call it soft power diplomacy," she told the newspaper Dagbladet, referencing not just Saudi's control of Newcastle United, but the UAE's ownership of Manchester City and Qatar's ownership of Paris Saint-Germain. "It is a tool that other nations also use ... It is not a tool to create a good image of the country, but to reflect the good image that is already there", she said. Manchester City claims on the one hand that it is a private business venture of UAE Deputy Prime Minister Sheikh Mansour bin Zayed Al Nahyan, but in 2009 the club's chairman, Khaldoon Al-Mubarak acknowledged that the purchase was largely about the promotion of the state, saying that it had the intent of "showing the world the true essence of who Abu Dhabi is and what Abu Dhabi is about." Meanwhile, Qatar's Hamad bin Jassim bin Jaber Al Thani, father of the man said

to be behind a bid for Manchester United, and formerly both the country's Prime Minister and CEO of the Qatar Investment Authority, discounted the notion that the bid's purpose was for investment: "I am an investor. If it will one day be a good investment, I will think about it. If not, I will not look at it as something you do just as an advertisement."

This "sportswashing", to use a widely used but somewhat reductive term, is particularly harmful in the case of football clubs. As the white paper notes, "unlike typical businesses, football clubs are community assets with cultural heritage value". The paper rightly describes their non-economic contributions to the communities they serve and their contribution to "civic identity and pride in place." When States use football clubs as branding vehicles, they are using the positive reputation of clubs - and their roles within their communities - to launder their own reputations. In doing so, they risk doing tremendous harm to the reputations of the clubs themselves.