

ASG ANALYSIS:

Saudi Arabia Continues Sports Landscape Development with New Draft Sports Law

Key takeaways

- On May 14, Saudi Arabia issued a new draft Sports Law reforming the legislative environment for sports in the Kingdom. The law is open for public consultation until June 12.
- The law broadly aims to formalize and clarify the legal framework for the sports sector, in addition to supporting national goals around increasing participation in sports, creating a favorable investment environment for sports firms, and increasing the international competitiveness of Saudi sports teams and athletes.
- Sports businesses should review the law and consider providing input to regulators within the public consultation window to help shape a supportive legislative environment for current or future business in the Kingdom.

Saudi Arabia issues new draft Sports Law for Public Consultation

On May 14, Saudi Arabia's Ministry of Sport issued a draft Sports Law for public consultation until June 12. When formally passed, the law will be the first comprehensive law governing sports in the Kingdom. It will replace the Kingdom's 1987 Basic Law for Sports Federations and the Saudi Arabian Olympic Committee. Broadly, the new draft law aims to formalize the Kingdom's sports sector from a legal and governance standpoint, enable increased participation in sports across the Kingdom, and increase the attractiveness of Saudi Arabia as an investment destination for sports businesses.

More specifically, the law outlines eight goals:

- Regulating and governing the activities of the sports sector, including persons and entities related to the sector;

- Expanding the base of sports practitioners and participants in sports activities;
- Supporting the detection and development of sports talent;
- Raising the level of Saudi sports clubs and national teams in regional and international competitions;
- Establishing rules of governance for the sports sector;
- Providing an attractive environment for investment in the sports sector;
- Organizing sports entities, defining their legal nature, and granting them privileges and legal capabilities; and
- Granting the Ministry of Sport the authority to monitor, supervise, and verify compliance with the law and regulations.

The draft law establishes a foundation for progress in each of these areas, while many of the more technical details will be addressed by implementing regulations to follow the official issuance of the law. We provide some additional context below on the impact of the draft law in these areas and how it affects the opportunities available to international sports companies operating or considering investments in the Kingdom.

Formalizing the Saudi sports sector

Saudi sports clubs have until now existed in an ill-defined legal area as neither corporations nor non-profits. For the first time, this draft law establishes legal definitions for clubs and other sports entities. It also allows for the establishment of these entities in accordance with corporate law and sets out the legal responsibilities and governance rules for their executives and board members. Furthermore, the draft law establishes the licensing rules for sports facilities, competitions, institutions, academies, and training programs, as well as the basis for the Ministry of Sport to provide public sector financial support to these entities.

Beyond this additional legal clarity, the draft law also strengthens the framework for elite and professional sports in the Kingdom by laying out rules for professional athletes and coaches, establishing rules for arbitration, and promoting fair athletic competition through disciplinary rules against performance-enhancing drugs and other sporting violations.

These reforms lay the groundwork for a more formal Saudi sports sector, providing greater legal clarity around the rules and processes applicable to different types of sports organizations and individuals.

Creating an attractive investment environment

A more formal sports sector through the reforms described above will provide greater certainty for international sports firms considering investments in the Kingdom. Attracting investments from leading international brands is a key aspect of the Kingdom's ambitions in the sports sector. A 2023 sports strategy document from the Kingdom's Ministry of Investment (MISA) highlighted 15 priority areas for investment attraction in sports and fitness, including gyms, sports academies, data analytics, sports equipment, personal coaching, sports apparel, facilities, innovative sports technologies, and more. The goal is for the private sector to account for 30 percent of the value of the sports sector by 2030, up from about 18 percent in 2022 (the Kingdom also aims to increase the overall value of the sports sector by nearly 4x in that timeframe, from SAR 21 billion to SAR 83 billion). While MISA and other stakeholders – such as the Kingdom's gigaprojects and major sports

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infrastructure developments – will offer incentives for investment by foreign sports firms, the new draft law aims to reform the legal environment around sports to make the Kingdom a more attractive investment destination.

Increasing participation in sports

Another key aspect of the Kingdom's sports strategy is increasing Saudi participation in sports, with a target for 40 percent of the population above age five to be physically active by 2030. The draft law emphasizes the role of the Ministry in increasing participation and calls upon other government agencies to cooperate towards achieving this goal. The law also specifically mandates the Ministry to promote the participation of the disabled population in sports and to adapt sports facilities accordingly. The clearer legal and procedural mechanisms for establishing sports clubs, associations, and facilities will also facilitate increased Saudi participation in sports.

Implications for Sports Businesses

The development of this overarching law indicates a new phase for sports business in Saudi Arabia, with new opportunities for businesses across the sports ecosystem.

The development of this overarching law indicates a new phase for sports business in Saudi Arabia, with new opportunities for businesses across the sports ecosystem. Companies considering the Saudi market should review the draft law and provide any comments through the Kingdom's public consultation platform operated by the National Competitiveness Center. Sports firms may wish to provide input on the law regardless of whether they have existing operations in the Kingdom; regulators will appreciate input from leaders in the sports industry worldwide, and providing input now could contribute to a more favorable legislative landscape for potential future business in Saudi Arabia. Businesses may also wish to engage with the Ministry of Sport and MISA to understand the range of opportunities and consider how they can fit into the new Saudi sports landscape. While the legal framework around sports in the Kingdom will continue to evolve as the sector develops, engaging early will position companies favorably for business opportunities and relationships with regulators.

Much of the international conversation and media coverage around the Kingdom's investment in sports – especially in the West – have focused on allegations of “sportswashing,” or using major sports brands to rehabilitate the Kingdom's international image. For businesses from some markets, there is a valid concern that alignment with certain high-profile sports projects could expose them to reputational backlash if they are perceived to be supporting such efforts. However, the draft Sports Law, along with broader national goals around growing and democratizing access to sports in the Kingdom, emphasizes that there is a huge range of opportunities for companies to engage in positive ways in the development of the sports ecosystem. Sports reform within Saudi Arabia provides opportunities for businesses to bring sports and fitness services, technologies, equipment, and infrastructure to ordinary Saudis, with potentially significant benefits to quality of life and public health in the Kingdom.

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ASG's Sports Diplomacy team advises and supports clients at the intersection of sports and geopolitics. For questions or to arrange a follow-up conversation please contact [Ben Gordon](#).