

Cambodia chasing the dragon: Government looks to boost Chinese investment and draw tourism into the fold



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Cambodia's casino industry looks likely to reap the benefits of increasing ties with China, as the government gets set to roll out legislative reforms aiming to attract further foreign investment in the gambling sector.

In more ways than one, Chinese money keeps rolling into Cambodia's gaming market, as the government hopes that new legislation will only add fuel to the fire.

The country's draft gaming bill, which commentators suggest is likely to be passed after an unchallenging general election later this year, aims to capture a greater share of revenues for the treasury – currently estimated at around only \$50m – and attract potential investors thanks to a more stable regulatory environment.

Generous rates are thought to come in at around four per cent of revenues for land-based casinos, replacing a current barter-like system of negotiated "levy fees" applied to gaming apparatus, not income.

Hundreds of licensed casinos are cropping up along borders with Thailand and Vietnam. Many of them are backed by Chinese investment, and with the government having relaxed visa rules for tourists, an increasing number of players are themselves Chinese.

“There’s a lot of unsatisfied demand in the region as a whole,” said Ben Reichel, executive director at [Donaco](#). “If you look at the number of tables compared to somewhere like the USA, it’s actually a very low number of gaming tables available – which is why there is so much illegal competition going on,” he added. “The government has said they want to make China one of their top three – if not number one source of tourism going forward.”

In line with this, Donaco has recently beefed up its Star Vegas property in Poipet – Cambodia’s number two casino destination – aiming to enhance the venue’s appeal for Chinese tourists and create synergies with the nearby resort town of Siem Reap.

The company is in the process of renovating 99 of the hotel’s 350 guest rooms, with plans for additional accommodation in a new tower in the pipeline, and replacing 900 of its 1,500 gaming machines.

Along with a range of new entertainment options, including a karaoke nightclub and a Chinese restaurant, Star Vegas has also debuted an “international casino area” with Mandarin-speaking staff, featuring with 16 tables offering Macau-style no-commission baccarat.

In some areas however, the rapid influx of Chinese investment is causing tensions. According to Ministry of Finance spokesperson Ros Phirun, Sihanoukville – which is fast becoming a gambling hotspot in its own right – currently has 16 operational casinos, with nine more expected to open in 2018.

Given that barriers to entry currently are next to none, small scale casinos are “popping up like mushrooms” in the city, explained Ben Lee, managing partner at IGamiX consultancy speaking to International Casino Review last year.

Despite this, he noted that “international investors are not as enamoured with Cambodia, because of this proliferation”.

Meanwhile, Sihanoukville’s hotel sector will be opening 1,000 new rooms and 10 new hotels this year to accommodate increased demand. Along with a million local tourists, the city received an estimated 120,000 Chinese visitors last year, twice the number recorded in 2016.

In February, the Cambodian government formed a task force to address the problems stemming from Chinese investment to Sihanoukville, including soaring land prices which have led the city’s residents to complain they are being squeezed out.

The controversy has seen the army’s joint chief of staff, Hun Manet – the eldest son of Cambodian PM – urge local officials to take steps to avoid allowing Sihanoukville to become a gambling hub.

“I agree to explore potential investments over the long term, but I do not agree to allow Sihanoukville to be like Macau,” Manet stated. “Sihanoukville must become a city with its own unique identity.”

Also bubbling in Cambodia, albeit far less evident, is a thriving offshore online gaming sector, which may also receive provisions in the new gaming bill.

According to Rhys Jones, managing director of Ha Tien Vegas, a border town casino across from southern Vietnam, Cambodia as an offshore iGaming hub is quickly becoming a rival to the Philippines.

Jones told Inside Asia Gaming that of the 100 new casino licences have been issued in the last 18 months – every single new one will have an online licence. “It makes no sense not to,” he added. “There is very little difference in cost and then you’re covered.”

Cambodia will only become more of a gaming hub, Jones contends, primarily because, “people want a bit of certainty.

Contrary to reports you might have read, there have been no recorded cases of the Cambodian government shutting anything down. No one that is running a legitimate business in Cambodia and has a legitimate licence has had any issues,” he clarified.

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