

Money maze: China's investment plans

China bans outbound investment in gaming

CHINA INVESTMENT

The Belt and Road initiative, the Chinese-driven development programme that aims to deepen links between economies stretching from Africa to Southeast Asia, is widely seen as the pinnacle of Beijing's push for a larger role in international affairs. However, according to a statement on 18 August, the country is also using the initiative to ban Chinese from overseas investment in gambling. Investment in property, hotels, entertainment, sports, and film industries would also be restricted.

"[We will] guide firms to fully consider national conditions and actual needs of target countries, pay attention to mutually beneficial cooperation with local governments and companies, and generate economic and social benefits," the State Council, China's chief administrative authority, said in a statement.

The tightening of investment rules officially came as part of the government's attempts to defuse risks for domestic companies investing abroad, and curb "irrational" overseas spending.

However, there was speculation the move was an extension of the government's wider crackdown on gambling, which began late last year. The pastime is banned on the mainland.

The announcement marked the first time that government had issued rules on acquisitions abroad, possibly

signalling a further stemming of the flow of money that has spread overseas in recent years, though Grant Govertsen, Head of Asia Equity Research for Union Gaming, noted these restrictions were always theoretically in place. "It has always been an unwritten rule that mainland companies are supposed to shy away from investments in so-called "sin" industries. The new restrictions simply formalize this."

However, the ban could be seen to have the opposite effect for the country's casino capital.

"I think it's more to protect Macau," says Ben Lee, consultant at iGamiX.

"And having chased [VIPs] back to Macau, they are, at least appearing to, tolerate this resurgence in gaming revenue, and this new edict of no investment in gaming overseas can be seen to be a reinforcement in terms of, if we are going to have gambling, we want to have that gambling done in Macau, rather than somewhere else."

Mergers and acquisitions by Chinese companies in countries linked to the Belt and Road initiative have been growing at a rapid rate, even as the government takes aim at China's acquisitive conglomerates to restrict capital outflows. Chinese acquisitions in the 68 countries officially associated with the initiative totalled \$33bn as of 14 August, surpassing the \$31bn for all of 2016, according to Thomson Reuters.



A skilful perspective

Indian sports A game of skill

Whether a particular horse wins at the race or not, is not dependent on mere chance or accident but is determined by numerous factors, such as the pedigree of the animal, the training given to it as well as the rider, its current form, the nature of the race". So ruled India's Supreme Court, in a 1996 landmark case brought by a local politician against the State of Tamil Nadu.

"Thus the prediction of the result of the race is not like drawing three aces in a game of poker," the judges continued. "Rather, it is the result of much knowledge, study and observation. We, therefore, hold that wagering or betting on horse-racing - a game of skill - does not come within the definition of 'gaming'."

In a virtually unprecedented leap of common sense, India's Supreme Court deduced that if the outcome of a horse race was determined more by knowable than unknowable factors, then betting on that outcome must include more skill than luck.

In politics, such robust logic is rarely applied when it comes to betting. But thanks to this 1996 legal precedent it's one the All India Gaming Federation

INDIA LEGAL

As the Law Commission of India prepares to submit its final recommendation to the Supreme Court on sports betting regulation, the chief executive of the All Indian Gaming Federation, Roland Landers, explains the logic behind his own shrewd submission to this landmark report.

says can be rolled out to other sports, as the country looks to regulate its thriving betting sector.

"Everytime we come to ICE, people ask us why we're not talking about legalising and regulating gambling, mainly for sports betting. But by taking the skill route, we've kind of turned it on its head," says Roland Landers, chief executive of the AIGF

"From a constitutional perspective, it's far easier. Because as you know there are state rules and state acts for gaming, so getting something done centrally would entail a change of our constitution; a change to the entire political processes".

India is on the brink of modernising its gaming markets. Since last July when the Lodha Committee recommended that sports betting be legalised in India - to better protect the integrity of sport - the Law Commission has been appointed to collect opinions from public and private bodies, both India and elsewhere. After assessing all these submissions, it is due to send its final recommendations to the Supreme Court next month.

The opinion of India's largest trade association is expected to play a decisive role. After consultation with

