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DEVELOPMENT

Galaxy Entertainment Group's Boracay IR project in doubt

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alaxy Entertainment Group's \$500m integrated resort project on the tourist island of Boracay is in doubt following an unexpected u-turn by the Philippine government.

In March, the government announced that Boracay would be closed to tourists for six-months to facilitate an environmental clean-up.

While Pagcor chief, Andrea Domingo initially stated that Galaxy's IR development would be unaffected by the closure, given that it was not due to open for "at least" three years, Reuters later reported that the Philippine government has shelved the project amid mounting political pressure.

The confirmation by the Department of Tourism that the IR plan would not be allowed to move forward came a day after lawmakers filed twin resolutions calling for an investigation into the decision to close Boracay and the approval of the casino development.

On 9 April, president Rodrigo Duterte denied any knowledge of Galaxy's casino resort plans, declaring that Boracay is a "land reform area". "I will give it to the farmers, to the Filipinos first," he stated.

This disavowal came



despite the fact that Duterte and Domingo, met with the company's chairman, Lui Che-woo, and vice chairman, Francis Lui Yiu Tung, to discuss the development in December 2017.

Complicating the situation further, Galaxy's local partner, Leisure & Resorts World Corp (LWRC), is reportedly still acquiring land on Boracay.

Speaking to the media, Rowen Aguirre, municipal executive assistant for Boracay affairs, stated that the company are "still in negotiations with several other property owners for additional acquisition".

For its part, LWRC affirmed that "no change in plans or project location

would be made without prior consultation and agreement with Pagcor."

"Contrary to claims that Galaxy has 'abandoned' its planned Boracay project, no such announcement has been made nor communicated with Pagcor," the company said in a statement.

At the end of April, Justice Secretary Menardo Guevarra said that Galaxy's IR project may still be legally feasible but that authorisation could be a long and complex process given a 2008 Supreme Court ruling which classified the island as both forest and agricultural land belonging to the government.

Meanwhile, Harry Roque, spokesman for the president, suggested that the company

could look at other jurisdictions. "So they...have a provisional licence. If they can't build in Boracay, perhaps they could build elsewhere," Roque stated.

However, Eric Coskun, senior associate at IGamiX Management and Consulting, contends that it is "unlikely" that Galaxy will consider another location.

"Cebu (Mactan Island) already has Dennis Uy's projects, and Manila Bay already has enough major operators (including the RW Westside/Bayside City).

"The only other major touristic destination is Palawan, however due to threat of kidnappings by terrorists, this is not a viable option."

The prospects for Galaxy Entertainment Group's \$500m integrated resort project on Boracay are looking increasingly uncertain following president Rodrigo Duterte's decision to disavow any knowledge of the development.



PHILIPPINES