

# Japan casino hype

By **Sheyla Zandonai** - September 22, 2017



*Japan's Prime Minister in the Diet*

There was never intention from the beginning to implement the Integrated Resorts (IR) bill in Japan in 2017, with the attention of Japan's government currently funnelled to first passing the bill on problem gambling.

'It was the initial strategy of the Government and Leading parties to debate the bill for fundamental measures relating to gambling addiction firstly, which meant that until the end of November the focus is on gambling addiction,' Toru Mihara, a professor and advisor to Japan's government on the Integrated Resorts law, told Business Daily.

According to Mihara, it was both presumed that there was 'no practical time' this year to debate the IR bill at length, and that 'action to present the bill' could only be pursued 'during the 2018 Diet session.'

'Nobody has mentioned to pass the bill during 2017. It's just markets' anticipation without reason,' he said.

Since last week, Japanese and international news outlets have reported that a likely call by Japan's Prime Minister Shinzo Abe for a snap election next week is being perceived as a political move that would delay the implementation of the IR bill.

Mihara said the election is a matter of 'political will,' and that it is to affect 'all other important bills,' which he claimed will be equally stopped and delayed.

Whatever delay is being appointed by media and political agents alike – supporters or detractors of the bill – it is not the one immediately referring to the implementation of the IR bill properly, since there was never a timeline set for it.

Speaking to Business Daily, Yasuhiro Idei, a senior journalist based in Tokyo, highlighted that there are two 'casino-related bills' within the process of legalizing casino gaming in Japan. The promotion bill, which was approved by the Diet in December 2016, and the implementation bill, which will outline concession details and abiding regulations, with a series of public hearings having taken place in that regard in the second half of August in nine cities in Japan.

In any case, Idei said, 'the delay will not affect the casino project as a whole, as the Diet already passed the promotion bill.'

But it might affect the timeline for passing the gambling problem bill.

'It would be too opportunistic to guess that this could be finalized this year,' said Mihara.

According to him, the three draft bills for fundamental measures regarding problem gambling proposed by each one of the parties on the task – LDP/New Komeito coalition, Democratic Party, and Japan Restoration Party – will 'all be abolished' when the Diet is dissolved so that the process will have to recommence and the bills presented again.

## Status quo preserved

Shinzo Abe's move for dissolving the Diet and calling for elections is perceived by the commentators who spoke to Business Daily as a bullish move by Japan's Prime Minister.

One of the effects of Abe's plan going right is that it might strengthen the prospects for a positive take on the implementation of the IR bill next year, suggested Grant Govertsen, Managing Director of investment bank and advisory firm Union Gaming.

'With the LDP [Liberal Democratic Party] voting as a block, it would appear that there should be greater support for the IR bill in the 2018 legislative session, assuming Abe's political instincts are right and his LDP party does, indeed, gain more seats,' Govertsen told Business Daily. Closer to the action in Japan, Mihara said that 'nothing will change as to the majority status of LDP/Komeito' in the country's political scene. Chances of anti-casino forces gaining traction have also been downplayed by Idei, who claimed 'the ruling parties are highly likely to win the election,' in addition to the fact that 'not all of the opposition parties are anti-casino.'

Also speaking to Business Daily, Ben Lee, Managing Partner at iGamiX, a gaming consultancy, has also shown skepticism about anti-casino

forces gaining space in the Diet in the advent of elections in October, arguing it is unsure if they 'will morph into single issue winning political parties.'

Moreover, he said, 'the Japanese are likely to express their opposition in other forms,' citing the example of social media, and 'not turning out to vote.'

Mihara's further reading of the current political configuration is that the opposition is 'totally under chaos' and 'not being well prepared,' while the Democratic Party 'may fade away with other new forces emerging.'

Sooner or later, casinos will be there

While Idei pointed out that 'Japan will have casinos sooner or later,' Govertsen argued that 'significantly more important than when the bill is passed,' is the outlook of the final bill which 'remains unclear.'

'If the bill is done right I don't think any of the potential license holders are going to complain too much if the bill doesn't get passed until next summer,' he explained.

On the one hand, Union Gaming Managing Director claims the Japanese authorities working on the bill 'need to fix it if they're hoping to attract the world's leading IR operators.'

In a note released in mid-July, the advisory firm said the IR framework was too 'restrictive,' pointing out as its main problems the lack of people with gaming experience advising the Japan government, the fact that the bill is being primarily drafted by state bureaucrats, and extreme constraints on casino square footage, all which might negatively impact one of the main aims laid out by Japan's government when it first raised the bill, that is, attracting foreign tourists to the country.

On the other hand, Lee said that the companies might use this 'interim period' to improve their current propositions and come up with 'elegant solutions.'

'Instead of recognising the roadblocks confronting the concept, the proponents have engaged in megaphone high-pressure sales tactics more common to the West when they should have engaged in more tactful diplomacy,' he commented.

Concepts to emerge 'most likely to be winners,' suggested Lee, will 'most likely be quintessentially Japanese,' which the iGamiX's Managing Partner described as 'compact, beautifully architected, and a pilot trial to see what anti problem gambling measures will work.'