

Integrated Resort and Casino Law in an Asset-inflated Japanese Economy

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Abenomics

Three Arrows

1. Bold monetary policy
2. Mobile financial policy
3. Growth strategy that rouses private investment

*Gradual inflation(2%)

One of the Growth strategy that rouses private investment

On 24 April 2013 ,Kick of New I R(integrated Resort) Parliamentary League conference.

* IR(including Casino) is needed !!

Japan has one of the big gaming markets, which includes various games such as lottery, horse racing, motorcycle racing, bicycle racing, motorboat racing, and pachinko and pachinko-slot machines. While games like lottery, horse racing, motorcycle racing, speed boat racing, and bicycle racing are managed by the public sector, Pachinko and Pachinko-slot games are managed by private companies. The Japanese gaming market is worth around 240 billion US \$.

* Exchange rate: 1\$ = 100\

1. Japan Gaming Market, Now

- * In Japan, "Gaming which bets money on chance win or lose" is a prohibition in Japan according to Article 185, 186 and 187 of the criminal code in principle. However, "Gaming which bets money on chance win or lose" has been permitted by the special law.

- * Horse racing in Japan is based on the horse-racing law, and the supervisory authority is the Ministry of Agriculture and Forestry. The purpose of this law is the promotion of horse racing and stock raising.
- * Speedboat racing is based on the motorboat-race law, and the supervisory authority is the Ministry of Land, Infrastructure, and Transport. The purpose of this law is the promotion of ships, maritime-affair businesses, and local financial health.
- * The cycle race is based on the bicycle game law, and the supervisory authority is Ministry of Economy, Trade and Industry. The purpose of this law has aimed at the promotion of bicycle, promotion of physical education, and local financial health.

Motorcycle racing is based on the small-car-race law, and the supervisory authority is the Ministry of Economy, Trade, and Industry. The purpose of this law is the promotion of small motor vehicles, physical education, and local financial health.

- * The lottery is based on the certificate law of the prize-winning money, and the supervisory authority is the Ministry of Public Management, Home Affairs, Posts, and Telecommunications. The purpose of this law is the promotion of financial health.
- * Totocalcio (football pools) is based on the sports promotion vote law, and the supervisory authority is the Ministry of Education, Culture, Sports, Science, and Technology. The purpose of this law is the promotion of physical education,
- * Pachinko and pachislo are based on the Entertainment Business Law, and the supervisory authority is the National Police Agency. Although the realization act has been passed for pachinko and pachislo, it has been recognized as a source of entertainment and not as a gaming device.
- * While the payout on horse racing, speed boat racing, bicycle racing and motorcycle racing is 75%, the payout on lottery and totocalcio (TOTO) is 50%.


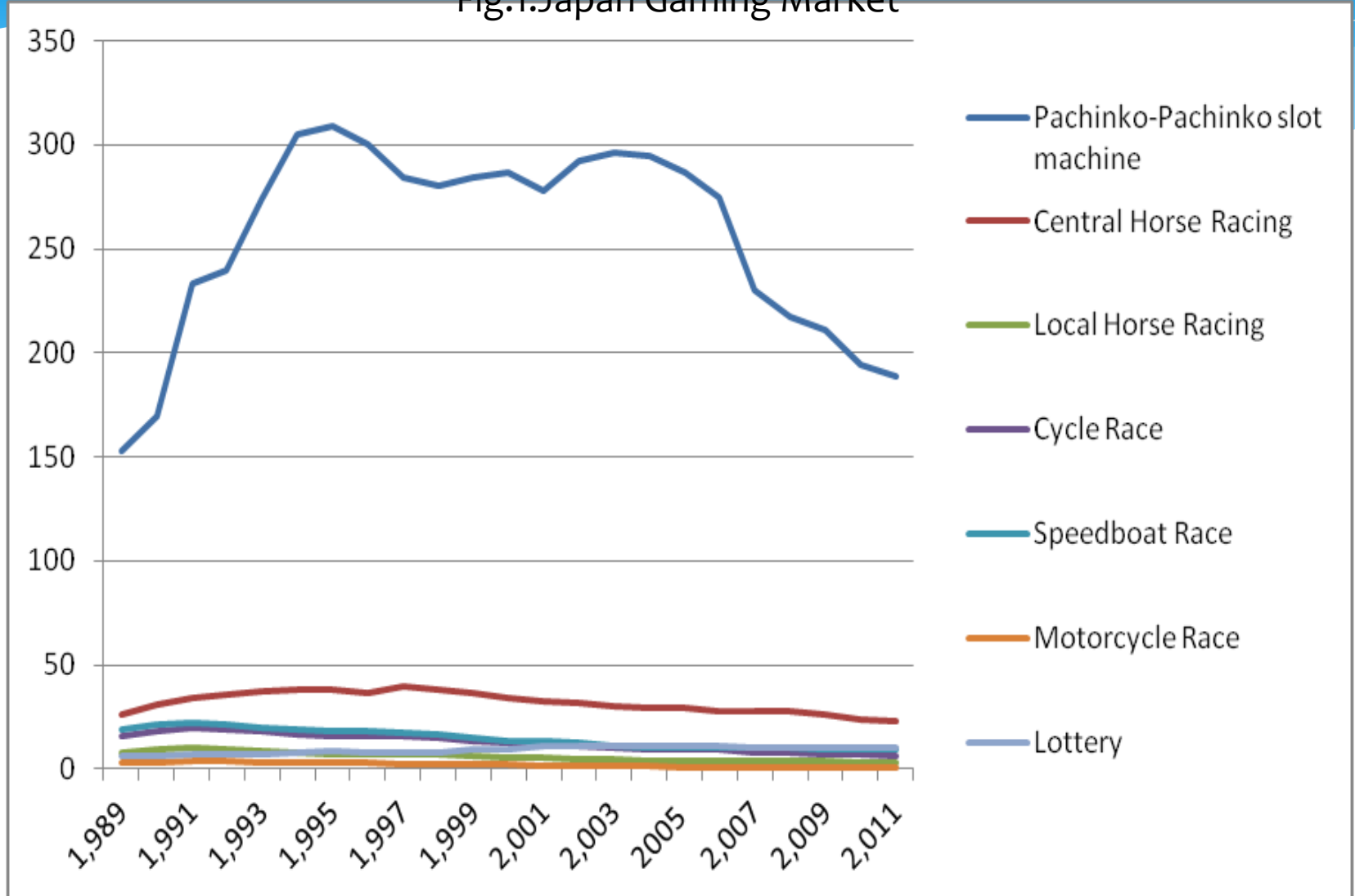
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- * On the other hand, the payout on Pachinko and Pachislo is around (about 88%).
 - * There is no Casino Law in Japan,now.
 - * There is no legalized Casino in Japan.
 - * There are many illegal Casinos in Japan.

Fig.1. Japan Gaming Market



* Exchange rate:1\$ = 100\

(Source:Making from the White Paper of Leisure, 2010,2012)

2.The History of the Legalization of Casinos in Japan

- * 1999 ▪ ▪ The Concept of The Odaiba(Tokyo) Casino by Tokyo governer Shintaro Ishihara.
 - * 2002 ▪ ▪ Liberal Democratic Party Parliamentary League for Casinos and International Tourism.
 - * 2006 ▪ ▪ Liberal Democratic Party Policy Research Council, Special Committee on Tourism Casino Entertainment Study Group.
 - ★ June 2006 ▪ ▪ Basic Policy for the Introduction of Casino Entertainment into Japan.
 - * 2010 ▪ ▪ International Tourism Promotion Parliamentary League(I R Parliamentary League)
- ★ IR ▪ ▪ Integrated Resort

- ★ July, 2010 ▪ ▪ Specific Complex Tourism Facilities Area Development Law for Implementation Progress of the Regional Economy and Stay Type Tourism that has Global Competitiveness (The Head of I R Parliamentary League: Mr. Issei Koga private Plan)
- ★ August, 2011 ▪ ▪ The Promotion Law for Specific Complex Tourism Facilities Area Development (IR Promotion Law)
- ★ April, 2013 ▪ ▪ Kick off of new IR Parliamentary League.

4. From 2011 ~ 2012

- * Democratic Party Cabinet Department Meeting IR ▪ Casino Working Team ▪ ▪ From November 2011 to August 2012(Total 9 times).
- * Liberal Democratic Party ▪ ▪ Liberal Democratic Party Cabinet Department, Land, Infrastructure, Transport and Tourism Department Joint Meeting(IR including casinos) ▪ ▪ From February 2012(Total 9 times).
- * Komei party
- * Nihon Ishin no kai
- * Your party
- * Communist Party
- * Social party

5. The Promotion Law for Specific Complex Tourism Facilities Area Development(IR Promotion Law)

◎It is composed of General Rules,Basics,Organization.

◎General rule

○Objectives ▪ ▪ Promotion of Tourism and regional economic and Improvement of finances[Basic Policy,Matter, Installation of Headquarter for Promotion of Specific Complex Tourism Facilities Area Development](Article 1)

○Definition

*Specific Complex Tourism Facilities ▪ ▪ The casinos established and owned by Private ,Meeting Facilities,Recreation Facilities, Exhibition, Accommodations etc. that are unity for promotion of Tourism[MICE oriented IR] (Article 2 section 1)

*Specific Complex Tourism Facilities Areas are permitted by Competent minister based on Local Government(Article 2 Section 2)

*After enactment of this law, Specific Complex Tourism Facilities Area Development Law must be enacted within 2 years (Article 5)

©Basics

Specific Complex Tourism Facilities Area form Tourism Areas that have international competitiveness using local Feature(Article 6 and 7)

*Casino operator,casino worker ,casino related machine manufacturer,service provider in the casino must be permitted and licensed by the Casino Control Board [Cabinet Affiliated agency] (Article 9 and 11)

*Government do the measure to prevent Fraud and exclude harm effect about casino establishment and management(Article 11)

*Levy casino Tax and its Tax can be used to revitalize great disaster such as Great East Japan Earthquake.Entry fee can be collected from casino Attendance(Article 12)

©Organization

The Headquarter of specific Complex Tourism Facilities Area Development promotion is established in the cabinet. It coordinates for promotion Specific Complex Tourism Facilities Area Development to related Organization. Coordination includes making IR Bill and making related Government ordinance. (Article 15)

*The head of the Headquarter is prime minister (Article 17)

*Specific Complex Tourism Facilities Area Development promotion conference is set up. It is composed of up to 20 people.

★Conference Member ▪ ▪ 6 Lower House members nominated by lower house. 4 Upper House members nominated by The Upper House. Up to 10 academic experts (Article 21)

Presumable Development in the future

The Promotion Law for Specific Complex Tourism Facilities Area Development(IR Promotion Law)



Specific Complex Tourism Facilities Area Development Law(IR Law)



Government →Local Government→Casino Operator(Permitted and licensed by the Casino Control Board)

6. What is IR(Integrated Resort) in IR law ?

- * The Promotion Law for Specific Complex Tourism Facilities Area Development defined Specific Complex Tourism Facilities Area as IR(Emphasize MICE) that promote international tourism.

Reference

International Tourism Promotion Parliamentary League(2010) *Specific Complex Tourism Facilities Area Development Law for Implementation Progress of the Regional Economy and Stay Type Tourism that has Global Competitiveness.*

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Thank you very much.