

# Casinos in Japan: How will this happen?

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# Current Legislative Initiatives

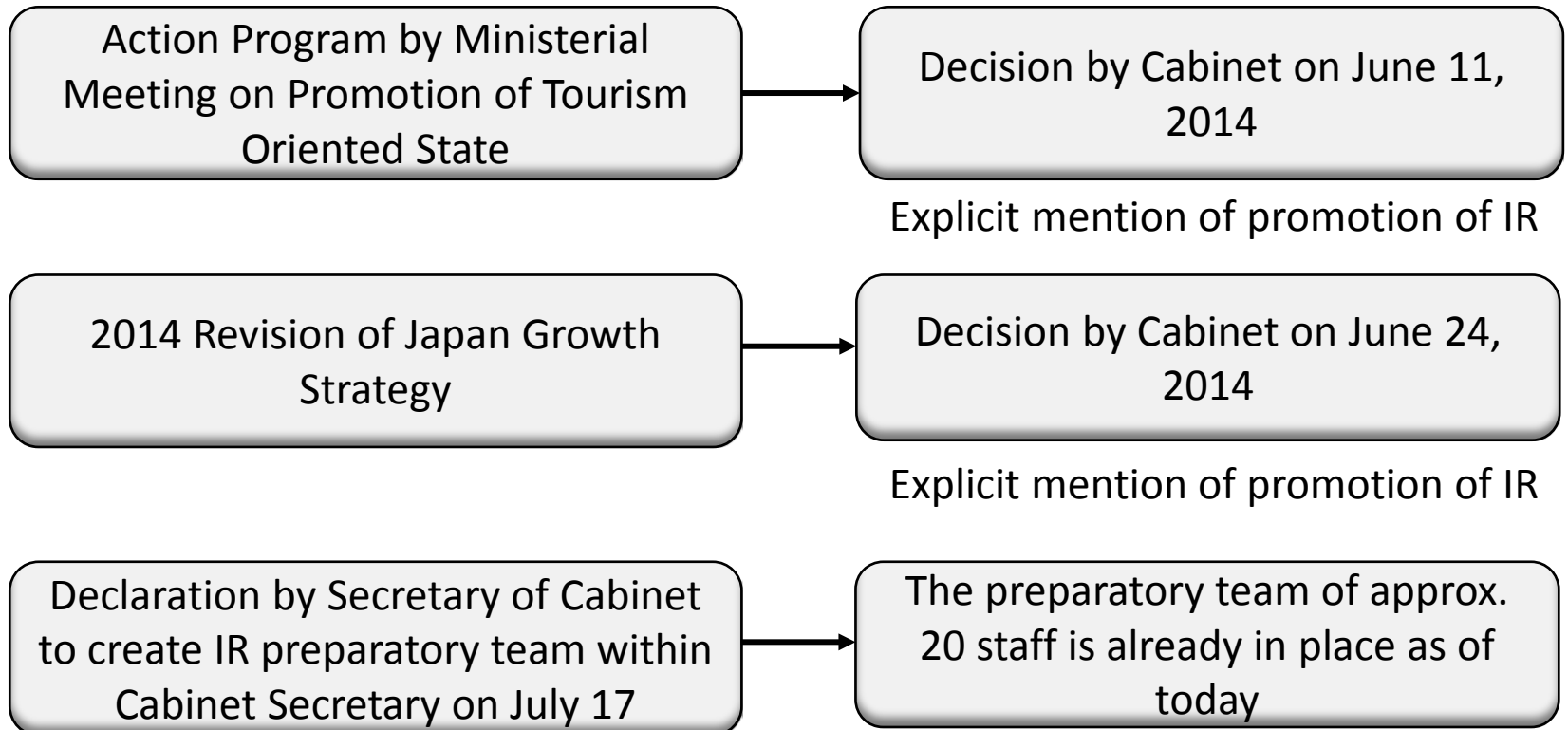
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- ▶ **The Bill (Bill for Promotion of Implementation of Special Zones for Integrated Resorts):**
  - ▶ Presented to the 185<sup>th</sup> Diet on December 5, 2013 by members of the bipartisan League of Congressmen for Promotion of International Tourism (LDP, JRP, Life Party)
  - ▶ On the same date, the Bill was entrusted to the Cabinet Commission of the Lower Diet for final debates during the proceeding congressional term.
- ▶ **The Debate:**
  - ▶ During the 186<sup>th</sup> Diet which ended on June 22 , the parliamentary debate commenced on June 18<sup>th</sup> but due to the lack of time, the debate was arranged to be continued in the next session of the Diet.
  - ▶ It is highly likely that the bill shall be voted on and passed within the next extraordinary session of the Diet commencing this autumn.

# Moves by the Government

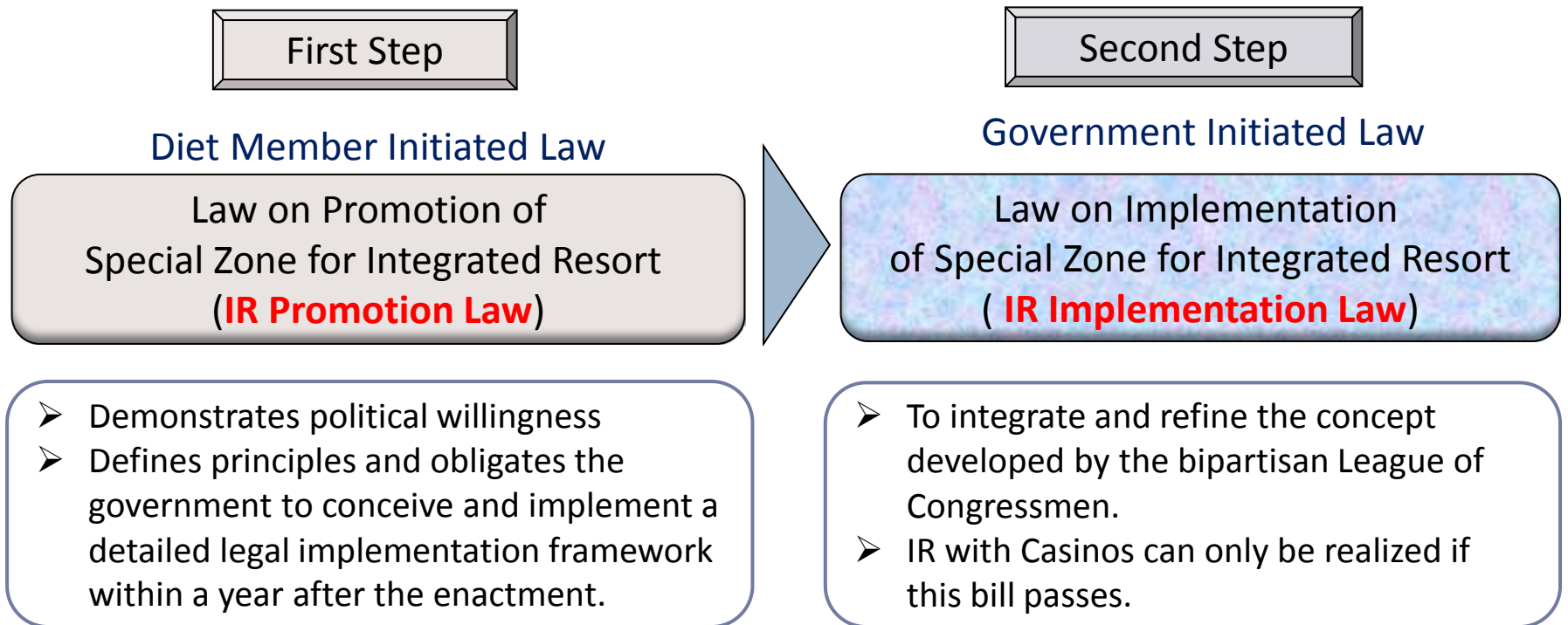
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**The government has started preparatory actions based on an understanding that the bill is likely to be passed during the extraordinary session of the Diet this autumn.**



# Two-Step Legislative Strategy

**The IR Promotion Law (fundamental law) is not sufficient by itself to realize Integrated Resorts. It only defines principles on how IR casino could be realized.**



# IR Promotion Law 1) Purpose

**The Bill on Promotion of Special Zone for Integrated Resort defines.....**

Special Zone for  
Integrated Resort(IR)

A zone which can implement Special Integrated Resort Facilities(IR), proposed by the local government and designated by the minister in charge **but the numbers of zones/locations shall be limited**

Special Integrated  
Resort Facilities(IR)

Integral Resort facilities comprised of casinos, MICE facilities, recreation facilities, shopping malls, hotels, etc. which may contribute to promotion of tourism, constructed and operated by private entities. **But flexibility given to local governments to define components of IR.**

**Legislative Intent: Two different categories of zones/IR with limited numbers for each (IR for big cities and IR for regional touristic cities)**

**Purpose**

To define the fundamental philosophy and fundamental policy for promotion of Special Zones for Integrated Resorts and institute a Headquarters for Promotion of Special Zone for Integrated Resort in order to promote them integrally and intensively.

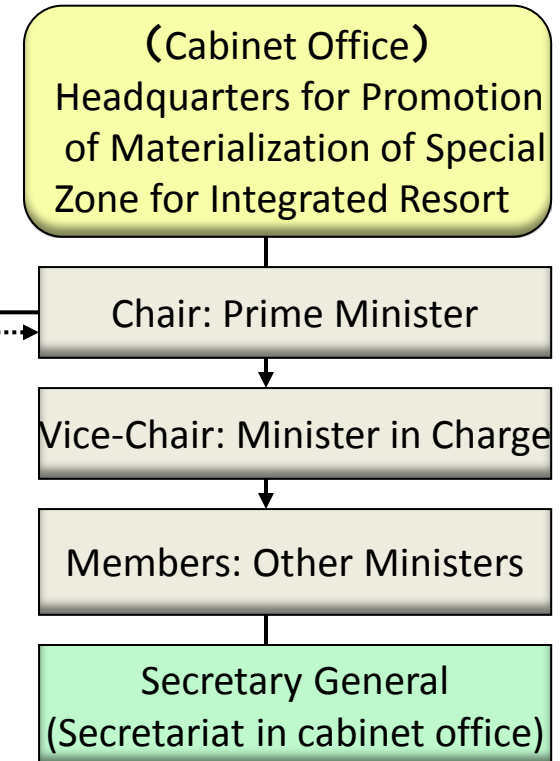
# IR Promotion Law 2) Structure

**Within 3 months after enactment of the law, the Headquarters for Promotion shall be instituted within the Cabinet Office which shall have a legal obligation to elaborate the details, draft up and present a bill for implementation of IR to the Diet within 1 year after the enactment.**

- Chapter 1: General
- Chapter 2: Fundamental matters relating to promotion of Special Zones for Integrated Resorts
  - ~ Fundamental Policy for implementation of Special Zones for Integrated Resorts
  - ~ Fundamental authority and duties of Regulatory Authority
  - ~ Contributions, etc.
- **Chapter 3: Headquarters for Promotion of Special Zone for Integrated Resort**

Council for Promotion of Special Zones for Integrated Resorts

(composed of less than 20 men of learning, designated by the Prime Minister)



# Predicted Regulatory Structure 1)

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**The core concept of the regulatory structure was defined by the League of Congressmen within the Fundamental Principles for IR Implementation Law dated Nov 12, 2013**

The quantity and quality of IR with casinos shall be strictly regulated and controlled  
(number and location of IR/casinos shall be restricted)

Casinos are entertainment for adults only, accessible by eligible patrons regardless of nationality

The national government will chose a limited number of zones (locations/sites for IR with casinos) based on proposals by local governments, under fair and transparent criteria and procedures

The chosen local government will conduct a tender to choose a developer/investor who can invest, finance, construct and operate the IR with a casino.

Operation of the casino segment is subject to stringent licensing requirements which the chosen developer/investor shall have to seek separately from the regulatory authorities.

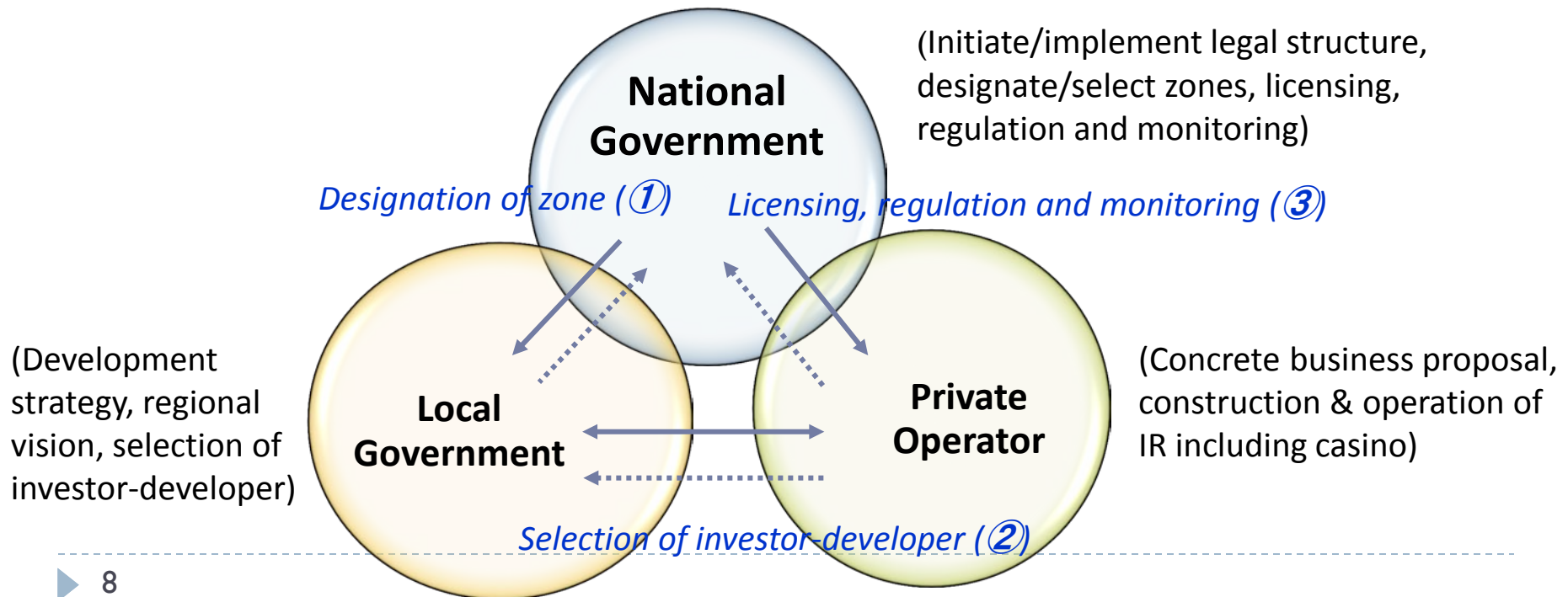
National regulatory authorities shall be created in order to regulate, license, control and monitor gaming activities as an independent and neutral Article 3 commission, having quasi-legislative powers

# Predicted Regulatory Structure 2)

**Complexity stems from the splitting of tasks & responsibilities among the national government, local governments and private operators/developers**

Legal structure for implementation of IR including a casino

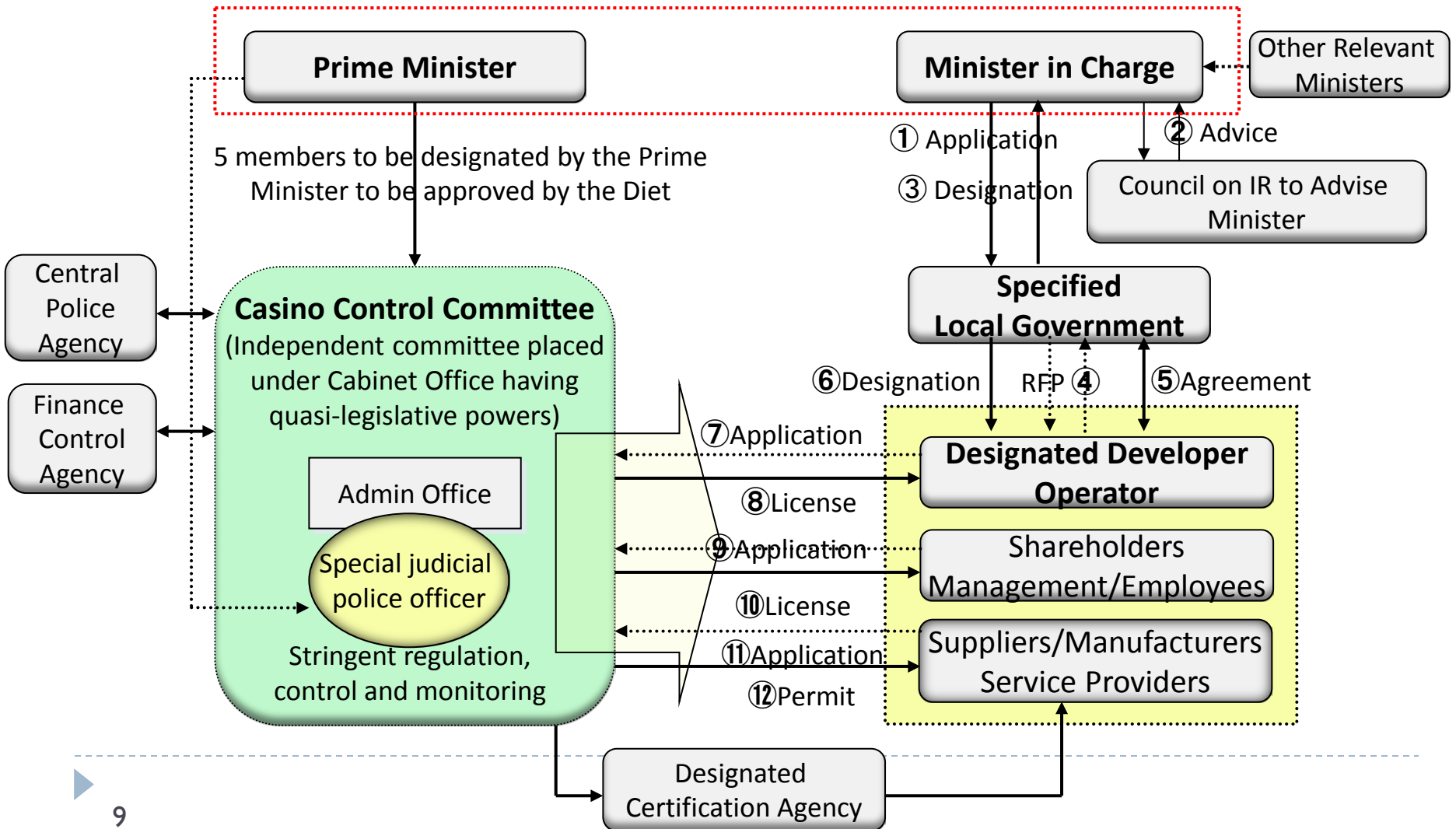
Legal structure for selecting site and private investor/operator





# Predicted Regulatory Structure 3)

Overall structure shall be something like the following



# Predicted Regulatory Structure 4)

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## **Social Safeguard Measures**

**Shall become subject of detailed debates while elaborating substance of IR implementation bill**

**Issues under debate may include the following.....**

- ❖ Stringent control of quality and quantity of games offered
- ❖ Imposition of entrance fee for domestic patrons only
- ❖ Comprehensive policy/program to deal with problem/pathological gambling including
  - Conducting detailed & continuous social surveys/research
  - Creation of national organization responsible for management of problem gambling (long-term strategy/short-term program/securing required funding)
  - Conducting various programs (patron/employee education, capacity building of counsellors & doctors, free counselling, mental care, self & family exclusion, etc.)

# Predicted Regulatory Structure 5)

## Locations/Sites

Sites are not predetermined but selected by the national government based on proposals by local governments through a competitive process

### National Government

Core Siting Selection Criteria (defined in the law)

Fundamental Policy on Selection of Zones (under cabinet decision)

Call for Proposals by Local Governments

Presentation & Evaluation of Proposals by Local Government

Selection of Zones (local governments)

### Local Governments

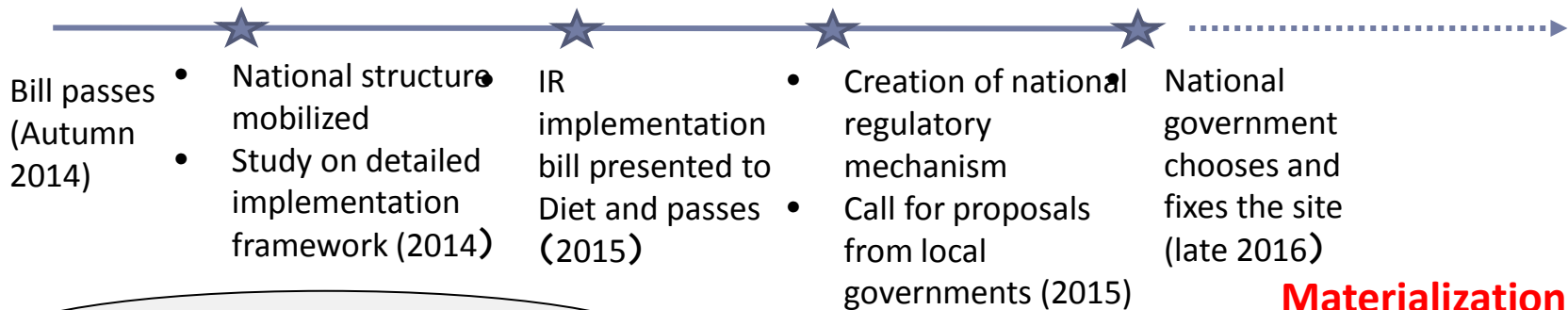
Political Willingness/ Intent to Realize IR

Policy Research & Study

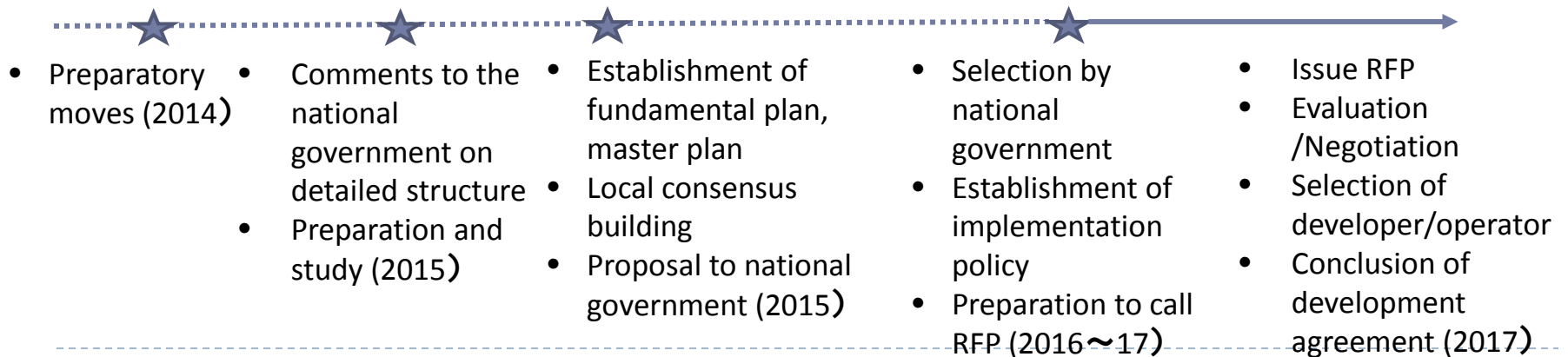
- Vision and strategy
- Harmonization with existing local development policy and tourism policy
- Market study, social & economic impact study
- Master plan for Implementation of IR

# Milestones

## National Government



## Local Government



**Materialization on or around 2020 ?**

# Thank You

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