

Did Japan's Casino Dreams Just Vanish? -- The Motley Fool

Written by Administrator
Saturday, 22 July 2017 08:44 -

Analysts are still debating the finer points of what Japan's nascent casino gambling market will look like, but the discussion may be a moot point. After the country's national elections earlier this month dealt the ruling party a decisive loss, there may be no casino market at all.

Following the passage of the first enabling legislation last year by Japan's national legislative body, it looked as though casinos were on the fast track to approval. From tax rates and where casinos would be sited to which casino operator will win a new license when they're issued, there has been a lot of talk about how Japan will legislate gambling houses.



Image source: Getty Images.

Lots of speculation

Wynn Resorts ([NASDAQ:WYNN](#)), for example, was an early favorite to win a license, but a legal battle with a Japanese businessman and a smaller percentage of square footage devoted to meetings, incentives, conventions, and exhibitions put it at a disadvantage, and now

Las Vegas Sands

(
[NYSE:LVS](#)

)
and

MGM Resorts

(
[NYSE:MGM](#)

)
are the front-runners. Everyone, though, has said they'd be [willing to spend](#) as much as \$10 billion each to develop the market.

And where Tokyo was once viewed as a shoo-in to get a casino sited, it's now reportedly fallen,

Did Japan's Casino Dreams Just Vanish? -- The Motley Fool

Written by Administrator
Saturday, 22 July 2017 08:44 -

and cities like Osaka, Yokohama, and Nagasaki are the leading candidates.

There is also talk of imposing tax rates of around 22% on casinos, and though it sounds high, that would actually give Japan a competitive advantage since gambling halls in Macau face rates of almost 40%. Conversely, the possibility of strict identification requirements such as submitting Social Security numbers each time you enter a casino might serve to dampen enthusiasm on their acceptance.



Image source: Getty Images.

A lost opportunity?

Yet all of this might be much ado about nothing. Legislators had already been [dragging their feet](#) on introducing enabling legislation for casino operations, pushing back any bills till later this year and delaying the plans anyone had of getting to work right away. Now all of these grand plans may be for naught.

Prime Minister Shinzo Abe's Liberal Democratic Party suffered big losses in elections held in Tokyo earlier this month, losing nearly two-thirds of the seats it held. On the surface, the local electoral defeat should change nothing nationally, but the crushing losses by the LDP could signal risk countrywide as Tokyo's elections are seen as an indicator of national sentiment. Previous elections where the LDP lost big resulted in similar results nationally.

The only saving grace is that this time, no national referendum need be held until late 2018, so the LDP-controlled Diet could still pass a casino bill. The risk, though, is that large percentages of Japan's population are opposed to making casinos legal because the country has [higher rates of gambling addiction](#) than do other countries. Where in most countries, 1% of the population is sad to have a gambling problem, Japan's percentage runs five times higher.

