

## Atop Mountain, Under Cap, Korea's Only Casino For Koreans Faces Uphill Fight

Written by Administrator  
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Three hours from Seoul, Kangwon Land is the only casino in Korea you can enter without a foreign passport.

Muhammad Cohen

Management at [Kangwon Land, the only casino in Korea you can enter without a foreign passport](#), has a mandate to limit its gaming revenue. The 51% government owned casino operates under a revenue cap, and in recent years has taken active measures to reduce its take from gaming tables and slot machines. But if you look beyond the revenue cap, Kangwon Land shares key traits with other casinos in Asia.

Fear of gaming disorders lies behind government efforts to limit casino gambling among Korean citizens. Of the country's 17 casinos, 16 are for foreigners only, though Koreans who can produce an overseas passport can also play. As the nation's only casino that welcomes all Koreans as well as foreigners, Kangwon Land revenue—US\$1.2 billion last year—exceeds that of Korea's other casinos combined.

Kangwon Land is located three hours from Seoul in a former coal country, near Pyeongchang, site of the 2018 Winter Olympic Games. After mine closures in 1989, local residents lobbied authorities to build a casino to spur economic revival.

Kangwon Land opened in 2000 at what's now the ski area for High1 Resort, the leisure complex that covers nearly 12 square kilometers (4.6 square miles) with 1,800 guest rooms. The casino relocated to its present site down the slope in 2003. Beyond local jobs and economic stimulus, 25% of Kangwon Land's pre-tax profits go the government's Closed Coal Mine Fund.

Players queue up to register for admission to Kangwon Land casino.

Muhammad Cohen

[Kangwon Land ducked under the government cap last year](#) by US\$63 million, with revenue down 8% from a year earlier, operating profit down 31% and visitation down 8% to 2.85 million. Active measures to crimp casino take include cutting the table count from 200 to 180 (and actually operating far fewer, according to JPMorgan analyst DS Kim), restricting VIP memberships and reducing casino operations by two hours to 10 a.m.-4 a.m. To try to reverse declines, but not too much, management last month shifted operating hours to 12 noon-6 a.m.

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Kangwon Land is also aiming to [increase non-gaming revenue, just like Macau](#) and nearly every other casino jurisdiction in Asia. That drive dates back to the 2005 opening of Korea's highest golf course: you'll drive the ball further at an elevation of 1,100 meters (3,600 feet), the website promises. In 2011, Kangwon Land debuted its convention hotel and facilities adjacent to the casino hotel, LINK adding casino capacity as part of the bargain. Last July, it opened an indoor-outdoor water park.

CEO Moon Taegon—an auditor with government and private sector experience half-way through the three year term the government sets for Kangwon Land leadership—wants to promote health and healing at the resort. Since the coal mining days, the landscape has been restored, offering a scenic retreat from urban Korea with plenty of fresh air. Beyond skiing and golf, hiking is a popular for those not at the casino table. The company is also building a suspended glass walkway to enjoy the mountain vistas, a luge track, a performance fountain and “cultural park” recreating the coal mining community lifestyle.

Paradise City in Incheon is the first of three integrated resorts to open outside Seoul.

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That's an ambitious program that could attract both Korean and foreign visitors for something other than gaming. Distance, however, is a ruthless tyrant. Being a three hour drive from the nearest international airport and major population center severely constrains Kangwon Land's potential. Sponsorship of the Olympics and exposure through the games hasn't provided a bump among foreign visitors, comprising just over 1% of total customers before and after the games. They'll have more casino resort options closer to Seoul in Incheon as [Paradise City](#), mainland Korea's first integrated resort, ramps up and Caesars Entertainment opening in 2021, with U.S. tribal operator Mohegan Sun developing a third integrated resort near the nation's gateway airport.

CGS-CIMB analyst in Seoul Jun Lim expects Kangwon Land will have its monopoly on Korean players extended when it expires in 2025. However, by then [Japan IRs will likely be under construction](#) with [Vladivostok offering multiple casino choices](#), each within a shorter flight time than the drive to Kangwon Land.

Lim believes the mountain resort needs to offer customers a better playing experience with

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more tables. Despite the visitation decline, at peak times bettors still have to reserve seats for blackjack and baccarat and, while waiting, wade into thick crowds to place a bet on other players' hands, reminiscent of back-betting in Macau during the days of Stanley Ho's monopoly.

Kangwon Land may be a warning for Japanese regional areas hoping that an IR will put them on the international map. With no more than three IRs in all of Japan, domestic gamblers from nearby population centers, if there are any, will likely patronize the casino. But without proximity to an international airport, it will be difficult for the IR to boost foreign tourism, one of the Japanese government's key goal for its casino legalization initiative.

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