



## Rising Sun

### Japan begins to enter the homestretch in 2020

Like the cherry blossoms in the spring in Japan, integrated resort developments will begin to emerge into full bloom starting in January 2020. The coming year will see significant progress at the central government level that will then launch the RFP process at the prefecture level.

If the level of activity in the second half of 2019 is any indication, 2020 will prove to be a very robust year. However, there is still a lot of work to do before Japan awards up to three of the coveted IR licenses established through the IR Promotion and IR Implementation Acts.

Since the market began to emerge some 20 years ago, Japan appears to be in the homestretch for the initial round of development of integrated resorts. The movements not only by operators but also by interested prefectures will continue to evolve in the coming weeks and months.

Heading into 2020, two jurisdictions are currently in the process of a Request for Concept (RFC) to see which operators may be interested in a specific market and how they may meet some of the initial framework that a city or prefecture desires as they look to host an integrated resort. These jurisdictions include Yokohama and Nagasaki (through its site in Sasebo). There are a few other areas of the country that are beginning the process of Requests for Information (RFI) as they begin their journey into being a potential IR host. This is coming off the heels of Osaka completing its RFC process earlier this fall.

One of the biggest and necessary steps will be the formation of the Casino Administration Commission. Once confirmed by the Diet, this five-member body will help finalize the regulatory structure and oversight of the three IR licensees. There are still several key aspects that need to be decided through the regulations, as well as laying out the path to the awarding of the three licenses allowed in the first round. This will all culminate with the launch of the full RFP process at the end of 2020.

As the process rolls out, there are two things observers of the market should watch. The first is the locations that emerge and officially put forward a full RFP process. The second is how operators play their cards in terms of whether they commit to one market or decide to make a play in

multiple markets. The markets of Osaka, Kanagawa (through Yokohama), Chiba, Aichi, Hokkaido (through Tomakomai), and Nagasaki (through Sasebo) have already acknowledged their interest.

The question is whether other markets come into play. Does Tokyo raise its hand late in the process shortly after Governor Koike is potentially reelected, right before the start of the 2020 Olympics in Tokyo? Does the alliance in Kyushu hold and put Fukuoka and Kitakyushu off until a potential round two process? Next year may provide a wild card by a jurisdiction that has not been anticipated in the process so far. Operators will continue to lay out their partnerships, plans and community involvement in order to win the approval of the local jurisdiction to move on to the next level in 2021.

The responsible gaming structure should not be overlooked at all in this debate, as it will be a fundamental part of the market and needs to be established across all forms of gaming, whether IR-based or non-IR-based. This includes pachinko and pachislot, which are largely still classified as “entertainment.”

The initial use of evidence-based research will be essential to form the framework for a responsible gaming environment that develops training and exclusionary programs through the use of technology. It will be important to use technology as a medium to connect all forms of gaming under one system.

We are still more than five years away from the opening of an integrated resort, but the industry and Japan are ready to move forward together to finally lay the cornerstone for Japan’s gaming market. This will all lead into the very robust 2021 with the selection of up to three operators receiving licenses to open up the next iteration of integrated resorts. It’s fitting that in the year of the Tokyo Olympics, we can finally say, let the games begin.

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