

Events

IAGA SUMMIT

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Rui Pinto Proença is a partner at MdME, where he heads the firm's Corporate Gaming practice. He has been based in Macau for the past eight years, where he is recognized as one of the leading gaming lawyers. Rui regularly acts for industry investors, casino operators, equipment manufacturers and gaming promoters in key regional projects. He also assists issuers, sponsors and underwriters in relation to listings of Macau gaming interests with overseas capital markets. Rui has been actively assisting sector players and governments in emerging gaming jurisdictions across the Asia-Pacific region.

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WHAT'S HAPPENING IN THE CAMBODIA?

Often dubbed as an emerging market, Cambodia is by no means a newcomer to the gaming scene. Although officially illegal since the enactment of the 1996 Law on the Suppression of Gambling, the offer of casino gaming to non-nationals has been authorised by the Royal Government of Cambodia (ROG) on an exceptional basis for decades. At the end of last year Cambodia reportedly had more than 75 licensed casino venues spread throughout the country. This is more than any other Asian jurisdiction... With the exception of Phnom Penh's Nagaworld, operated by HK Listed NagaCorp (holding a monopoly within a 200km radius of the capital), most casinos are located in the border towns of Poipet (on the border with Thailand) and Bavet (on the border with Vietnam), with some operating in the beach tourism destinations of Koh Kong and Sihanoukville.

Despite the lack of a consistent strategy to govern and develop the industry, its numbers should not be ignored. Analysts set Cambodia's 2017 GGR at approximately US\$1.5bn. Forecasts predict that number may rise to US\$2.5bn in 2018. That would represent a 40 per cent growth year-on-year. An increase mostly driven by a strong VIP run-rate in Naga's newly opened Integrated Resort, Naga 2.

However, the increasing figures are not strong enough to hide an unavoidable reality. The Kingdom has yet to attract any global household name. Consequently, the industry has been incapable of becoming a driver of international tourism and a creator of quality jobs to the country's young population. Two factors contribute to this shortcoming. One is no doubt the country's political instability. Early last year Cambodia's Supreme Court dissolved the main

opposition party. Prime Minister Hun Seng, at odds with Western democracies, will now run in the upcoming general election virtually unopposed. He has led the country since 1985.

The second factor, and no less relevant, is the chronic lack of a regulatory framework with international standards. That may be about to change. A team led by the Ministries of Interior and Economy and Finance have made public a draft bill of the "Law on the Management of Integrated Resorts and Gaming Trade" (LMGT). The bill may be put forward to the National Assembly before the July general election. If approved, it may set the course for a market approach to gambling and to the implementation of international best practices likely to appeal to international investors.

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The challenges are still plenty, but so are the opportunities. Strong diplomatic relations with the PRC guarantee a steady influx of Chinese tourists and, for as long as Thailand and Vietnam do not allow its citizens to gamble within their borders, Cambodia will be catering to a regional clientele of 160 million people. If indeed new legislation is adopted and implemented, Cambodia will no doubt be a market to watch.