

TOUGHER DECADE AHEAD OF MACAU CASINOS PREDICTED



Casino existence in Macau reaches its 10th anniversary, marking the midpoint of the 20-year gaming license agreements of four of Macau's six operating casinos. Sands China, Wynn Macau, Galaxy Entertainment Group and Melco Crown Entertainment all signed in June of 2002, are set to have their licenses expired in 2022 (licenses for the two other casino operators, Stanley Ho's Sociedade de Jogos de Macau [SJM] and the MGM China/Pansy Ho, expire in 2020).

The first decade has been easy and successful for Macau's casino operators, winning big and gaining incredibly high profits. The next 10 years of their terms however are predicted to be tougher and more challenging.

"The entry of new players has brought huge amounts of investment, better offerings and non-gaming diversification," says Manuel Joaquim das Neves, head of Macau's Gaming Inspection and Coordination Bureau. Neves believes much in the capabilities of these casinos in giving Macau economic benefits and expects also for their licenses be granted extensions. Until such time still, casino operators have much hard work to do.

The local government still has the power to give demands that casino operators should agree upon; demands that wear down their profitability. Simultaneously, they also had to continue expansion to remain competitive.

In the past decade, during the start of casino liberation in Macau, a few of Las Vegas pro operators became interested in turning the small-appealing Macau into a gaming attraction. Companies like MGM Mirage and Las Vegas Sands partnered with Hong Kong's New World and Galaxy respectively. These partnerships later split up, which forced the government to grant six licenses instead of three. The Las Vegas companies did not want to risk their license (in Las Vegas), for the indecisive world of Macau.

Steve Wynn of MGM is one of the luxury masterminds of Macau. After being bought out by MGM, Wynn built Wynn Macau, casinos in resorts, hotels and other establishments which all resemble what is seen in Las Vegas. Though not really better than Macau's Lisboa, Wynn's version of casino were atleast better than Sando Macao which opened two years earlier. These also opened jobs that are gratefully acknowledged by the government.

Today, Macau is gaining popularity in gaming industry, making a name in lined with the U.S. and Europe. The six casino operators are only asking the Macau government desperately to permit them in building more, despite the uncertainty of extending or renewing their licenses. Wynn Macau recently has successfully been granted a \$4billion resort in Cotai, Macau, as well as Galaxy, beginning the HK\$16 billion (US\$2.1 billion) phase two of its Cotai resort.

Casino Operators still aims to continue even with the slower growth in the industry. This year's revenue went just over half of last year and severely slowed down by summer.

The mainland also still provides for Macau's visitors even with its "international destination" project.

On the other hand, the casino liberation success in Macau led to the construction of expensive casino resorts in Asian neighbors like Singapore, Philippines, Vietnam, and Cambodia. Countries like South Korea, Japan and Taiwan are also open to possibilities.

In front of all the cost issues, locations, slow growth, government demands, competitions and the time limit before the license deadline, the next 10 years would unquestionably be rough to casino operators. They could only hope for the best and win big on their bets.

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