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Focus on Asia: East Asian Casinos – A Not So Fast Recovery

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As the summer travel season begins, the US casino industry appears to be in full recovery. Constraints on casino and restaurant capacity are being lifted in jurisdictions across the country, and mask mandates have been eased in many Indian casino and commercial operations. Driven by a very successful vaccination campaign, Covid-19 infections are dropping dramatically, and an end to the pandemic in the United States may be on the horizon.

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Unfortunately, other nations that had far greater success in curtailing the spread of the virus last year are now struggling with flareups, which is hindering the recovery of casino gaming in a number of Asian countries. Unlike the United States, casinos in Asia are largely reliant on visitors from adjacent nations for much, if not all, of their gaming revenues. Inter-country travel remains severely restricted and vaccine rollouts have been slow. Below is a snapshot of key Asian markets.

Korea

South Korea has been very successful at containing the spread of the virus, in large part by restricting international travel. South Korea has long been an important source market for casinos in the Philippines, Vietnam as well as other east Asian countries. Residents returning to Korea

and foreigners must submit to a mandatory 14-day quarantine. This has all but eliminated both inbound and outbound tourism travel.

Korea's 16 foreigner-only casinos are largely dependent on foreigners for their gaming revenue, particularly visitors from the Peoples Republic of China. The remaining visitation is from residents who possess foreign passports. As of May 26, Paradise Casino Seoul, Seven Luck Casino Seoul, and Paradise City Incheon were open. Of the eight casinos in Jeju, only the Paradise Casino Jeju and Landing Casino were operating; six other casinos remain closed. Despite a dearth of foreign visitors, Lotte Tourism Development is planning to open its LT Casino at Jeju Dream Tower this summer.

Kangwon Land Casino, the only casino where residents are permitted to gamble, has closed four times since the start of the pandemic. While currently open, visitation is down by over 50 percent, with approximately 2,000 visitors a day.

South Korea's vaccination efforts are moving slowly. To date, approximately 3.9 million residents, about 7.6 percent of the population, have received one vaccine dose. 1.9 million are fully vaccinated. One can expect continued restrictions on both inbound and outbound travel until vaccination rates increase substantially.

Philippines

With a population of just over 110 million, 4.5 million residents have so far received at least one vaccine dose. The greatest concentration of vaccine recipients has been in the Nation Capital Region. This area remains under a General Community Quarantine with a daily curfew from 10:00pm to 5:00am, and all seniors are not allowed to be in public. Despite these restrictions, casinos have been permitted to open, albeit with strict limits on occupancy.

On May 31, the Philippine government lifted occupancy restrictions on 14 hotels in the NCR region to allow staycation holidays for residents. Included in this group were the hotels within Entertainment City. Casinos were only recently allowed to re-open after a government mandated shutdown in March.

International tourism travel is still prohibited. Only Filipinos returning from other countries, or those married to or who are parents to Filipinos are allowed to enter the country. All international travelers must abide by a strict 10-day quarantine in a designated quarantine hotel with testing on the seventh day. Even with a negative test, travelers must complete their initial quarantine followed by an additional 14-day quarantine in their homes.

Macau

According to the Macau Health Bureau, 110,000 people have been fully vaccinated out of a total population of 657,000. Macau had previously opened its borders to residents of Guangdong province and a select number of other provinces in the PRC, and the city's tourism economy had shown signs of a solid recovery. Nevertheless, a recent flareup of infections in certain areas of Guangdong province forced Macau health authorities to impose new travel and quarantine restrictions.

Cambodia

Despite a fairly rudimentary medical infrastructure, Cambodia is moving forward with an aggressive campaign to vaccinate its residents. To date, 11.8 percent of the population were fully vaccinated while approximately 23 percent of the country's 17 million residents have received one dose. The greatest concentration of vaccine recipients has been in Phnom Penh with approximately 75 percent having received at least one dose. The Kingdom's close relationship with the PRC has paid off, with China having contributed 5.7 million of the six million doses received so far.

Despite these high vaccination rates, the country's casino industry is still struggling. NagaWorld, the Kingdom's premiere integrated resort in Phnom Penh, closed in March of 2021 after a local outbreak was detected. It remains closed, as are most of the country's casinos in Sihanoukville, Bavet, and Poipet.

Vietnam

As of May 26, just over one million residents had received at least one vaccine shot, out of a population of 98 million.

Until very recently, Vietnam had done an excellent job of containing the virus, albeit at great economic cost. Not only was international travel severely restricted, but also travel by residents from one province to another was limited. This in turn severely impacted the country's foreigner-only casino industry.

Earlier this month, the country's health ministry detected a new, more virulent strain of the virus. This prompted the government to re-impose strict health and safety protocols. As of May 31, Hanoi, Ho Chi Minh City, Danang, North Bac Giang, and Bac Ninh were under citywide lockdown mandates.

International air travel has also been severely restricted. Since February 1, all flights to and from mainland China have been suspended. Only diplomats and certain business travelers can enter Vietnam. All visitors must meet specific health regulations and undergo a mandatory 21-day quarantine upon arrival.

East Asian countries have done an admirable job of containing Covid-19 and its more recent variants. These countries have done so by continuing to restrict international travel, imposing periodic lockdowns, and other measures. Nevertheless, the virus continues to pose a threat to the health and safety of the region's population. The region's tourism industry and casino-resorts in particular continue to be severely impacted. The situation is expected to slowly improve as vaccine distribution widens.

What is clear is that no one country's casino industry will emerge from the pandemic until all Asian countries emerge from the pandemic, and that will be dependent on successful vaccine distribution programs.
