

Reaching Asia – Horse Racing in Japan

The rapid rise of Japanese horse racing is a question to which many have pondered the answer. Free of the colonial ties that influenced a number of other Asian countries, Japan was consequently limited in its exposure to many of the British traditions that underlined the introduction of racing elsewhere in the region. At first glance, Japan's geography hardly seems conducive to the establishment of large scale breeding properties, constituted as it is of several thousands of islands, of which Honshu, Hokkaido, Kyushu and Shikoku are the four largest. Unlike other parts of Asia the country has four very distinct seasons, more than 50% of its land mass is mountainous terrain (including a number of volcanoes) and deeply forested areas, and it supports a number of highly urbanized and populous cities. Despite this - or perhaps in spite of it - Japan supports a world-class thoroughbred breeding industry. Its annual foal sale regularly posts record prices, its horses regularly appear in the most elite of lists 'the world's best', Japanese-bred horses continue to perform at the highest level overseas (at the Hong Kong Internationals in 2001 for example, Japanese horses won 3 of the 4 G1 internationals (Eishin Preston [Hong Kong Mile], Stay Gold [Hong Kong Vase] and Agnes Digital [Hong Kong Cup]); Stay Gold won the 2001 Dubai Sheema Classic in Dubai, beating the champion and previous year's winner Fantastic Light, and Japanese filly Cesario posted a four-length victory in this year's \$750,000 American Oaks at Hollywood Park - becoming the first Japanese-bred to win a Grade 1 race in the United States), and, in spite of more than 15 years of recession/economic sluggishness, Japan regularly posts the world's highest betting turnover.

Japan's connection with the horse extends well beyond breeding and racing the modern day thoroughbred. Horses are mentioned in the history books as far back as the 8th century, the relationship further deepened during the 800 years of the Samurai period. Little is known about the introduction of modern day racing, but the Asian Racing Federation reports that English residents living in Yokohama during the 1860's were behind the establishment of the first racing club and western-style horse racing. By the time the then capital Edo was renamed Tokyo in 1868, horse racing had reportedly sprung up in a number of metropolitan centres. Gambling was formally approved in 1906, only to be prohibited two years later. It was reintroduced in 1923 when 11 new racing clubs were formed. Racing was suspended during the Second World War as race courses were converted to military establishments and resumed in 1946. In 1954 the Japan Racing Association ('JRA') was formed.

According to the JRA there are currently upwards of 2,400 registered horse owners in Japan, consisting of 2,074 individual owners, 333 corporate owners including 19 Kurabu-Houjins (profit-making ventures for horse ownership with typically 40 - 500 owners, quite unlike the 10 owner arrangements often seen in Australia), and 27 syndicated owners. There were approximately 7,800 registered racehorses as of 1 January 2004. Of these 19 Kurabu-

Houjins owned 1,275 horses, and these numbers are reported to be experiencing an upwards trend on a year-by-year basis.

The International Federation of Horse Racing Authorities reports Japan as the fourth largest producer of thoroughbred foals each year (behind the USA, Australia, and Ireland but well ahead of countries such as Great Britain and New Zealand). It hosts the fourth highest number of races each year, behind the USA, Australia and Canada [11.88% of the world's total compared to Hong Kong's 0.39%], offers the third highest prize money average per race of AUD\$51,247.61 (behind Hong Kong and the USA) and has the world's biggest betting turnover. Racing in Japan has traditionally attracted large on track crowds but these are dwarfed by the huge numbers who bet off course or online. To increase on course attendances and to cater to their needs, the JRA redesigned four major tracks between 2001 and 2004 (and has a major redesign project in place for Hanshin race course scheduled for 2006). Results have already been positive, with the Niigata track, for example, posting a 16.1% attendance increase, a 3.3% increase in turnover as well as 12.6% more runners since its redevelopment.

Whilst flamboyant buyers such as Fusao Sekiguchi who purchased future Kentucky Derby winner Fusaichi Pegasus for US\$4 million at the 1998 Keeneland yearling sale ensured media kept their attention on Far Eastern buyers (and their finances), more fundamental shifts in the thoroughbred landscape were already afoot in Japan. As Danehill has revolutionized the breeding industry in Australia, so too has Sunday Silence with the industry in Japan. The visionary behind the horse's introduction in [1990] was Zenya Yoshida, patriarch of the famed Yoshida family. In the words of AUSHORSE chairman and Arrowfield Stud Principal John Messara: "[Mr. Yoshida's] 1976 acquisition of Northern Taste and the later acquisition of Sunday Silence reshaped the landscape in that country with worldwide ramifications."

Mr. Yoshida's influence continues to impact Japan through a number of family members including sons Teruya, and Katsumi (general manager of Ricoh Japan), who owns Northern Farm.

Thoroughbred breeding in Japan is targeted to filling local demand and given the high percentage of dirt races and geographical positioning, a number of Japanese breeders have, in addition to breeding from home-grown champions, invested in some of the best Northern Hemisphere bloodlines (particularly through the US) to supplement their domestic pedigree base. There are more than 2,000 studs in Japan (96% based in Hokkaido) breeding approximately 8,000 racehorses. The majority of these farms are relatively small, with 80 per cent holding fewer than 10 mares.

As strong regional trading partners, Australasian companies have intensified their efforts in the past decade to alert Japan to the wealth that lies South. The pioneer for these trade missions was AUSHORSE, which was originally

established in a joint venture with AUSTRADE. More recently, the sale companies have taken up the challenge.

"There has been a strong, long-term cooperative effort between the industry and government to develop that market" reports Messara. "More recently, AUSHORSE has been administering an Inward Buyers Scheme which has allowed us to broaden our international buying bench at the major sales and this has included the Japanese."

In conjunction with these efforts, a number of stallions have also shuttled between Japan and Australia for the Southern Hemisphere breeding season. These include Agnes World, Carnegie, End Sweep, Fuji Kiseki, Genuine, Jade Robbery, Last Tycoon, Tayasu Tsuyoshi, Way of Light, French Deputy, Bubble Gum Fellow, and Falbrav. More unusually, a horse born and raced in Japan but who sports a distinctly Australasian pedigree - the Zabeel stallion Moon Rocket (ex Skyrocket by Danehill), also now stands at stud in Queensland.

"This has influenced the major Japanese players to visit Australia and to reassess bloodstock opportunities in Australia" comments Messara. "That, in addition to AUSHORSE's and the sales companies' promotional efforts, has convinced Japanese farms/owners that Australian yearling sales offer a cheap entry into international pedigrees. The recent success of some of their Australian yearling purchases on the racetracks of Japan, despite the Northern/Southern Hemisphere age difference, has encouraged them to return to our markets. The fact is that our bloodstock is now very competitive on a global scale".

International bloodstock agent Vin Cox confirms that there has been an increasing focus from Japan. "We have been very competitive when we go to the Northern Hemisphere to race. Horses bred here have also gone across to Japan and done well. We're breeding a good horse. If you do that then people will become interested."

One of Japan's leading trainers is Hideyuki Mori, a former office clerk who commenced training just over a decade ago. In his first year, he prepared Japan Cup winner Legacy World and he has since trained a number of Group One winners including European G1 winners Seeking the Pearl, who won the Prix Maurice de Gheest and Agnes World, who won the Group One double of the July Cup in England and Prix de l'Abbaye in France. Mori has also won a Hong Kong International Cup with Fujiyama Kenzan. Agnes World now shuttles to Widden Stud in the Hunter Valley and was one of the catalysts for Mori's interest in Australia.

"I like their overall physical condition," Mori says of Australian horses. "Their substantial bone mass, good speed, and strong hooves are examples of their outstanding features".

Mori also speaks highly of Magic Millions, from which he purchased a number of yearlings last year. "I am very grateful and pleased with all the hospitality and assistance provided by the various people concerned," he says. "In particular, Magic Millions' sales management, client services, and the great line-up of quality horses are indeed fantastic".

Magic Millions was the first Australian sale company to offer a Sunday Silence yearling. The filly (Sunday Joy ex Joie Denise by Danehill) made history by becoming the first \$1million yearling ever sold on the Gold Coast. Sunday Joy lived up to her breeding by winning the AJC Oaks two years later. In total 20 Sunday Silence yearlings were offered at public auction in Australia between 2001 and 2004, averaging AUD\$824,000.00 (top price AUD\$1.7million).

Back across the equator, a race that celebrates its silver anniversary in 2005 is the Japan Cup (Group 1). Established as Japan's first international invitational race, the 2400 metre race on turf for 3 year old & older thoroughbred horses offers a massive US\$3.9m prize. The race has traditionally been dominated by Japanese and US runners. Despite this a dozen horses have made the journey from Australia with Better Loosen Up winning the race in 1990, followed by Shaftesbury Avenue running third in 1991, with Naturalism narrowly beaten the following year.

In 1999 the JRA amended its racing rules to allow at least two places to foreign-bred horses for all of its Group 1 races, beginning with the Emperor's Cup in the Northern Spring of 2000. Then Australian Minister for Trade, Mark Vaile, said that the decision was "a welcome step in the opening of the Japanese market". At the same time the JRA also announced it would double the number of races open to entries from overseas trained horses. The effect of these changes saw the number of "international" races open to foreign-born horses increase from 12 to 24 races. The initiatives have seen Australian horses the ilk of Makybe Diva contest the ¥261.2 million (\$3.1m) Emperor's Cup and Magic Millions graduate, Magic Millions 2yo winner, and multiple G1 winner, Testa Rossa the Yasuda Kinen. Meanwhile, the Sunday Silence yearling which set an Australian record when purchased for \$1.7 million at the 2003 Australian Easter Yearling Sale - VRIL - won two of his first three starts in Japan. A number of Japanese horses have also traveled to Australia for the Spring Racing Carnival. Mori himself has recently brought four horses to Melbourne, including Tosen Dandy (JPN) and the Australian-bred Zenno Goshu.

In a possible first for Australian racing, Mori has also confirmed that he is aiming two of his Japanese-based horses for the 2006 \$1m Magic Millions 3YO Trophy over 1400m: Zenno Goshu (Danehill) and Agnes Boy (Agnes World), saying that incentive races with this level of prize money are attractive for international buyers.

"This news from Mr. Mori is extremely exciting," Magic Millions managing director David Chester said "To have two Japanese based horses being aimed

at the 3YO Trophy makes what is already shaping as a historic meeting even more special."

There have been other inter-country initiatives between Australia and Japan. Hokkaido's large number of stud farms has created a market for grain and other specially formulated racehorse feed, of which Australia is the biggest supplier. There also appears an appetite for Australian horsemanship, and farrier skills. The Japan-based Yushun Club (that counts its Japanese members in the thousands and locally syndicates its horses amongst 100/300/500 owners) has also broadened its buying activities in the last few years to include Australian yearlings, which remain to race in Australia for the many thousands of club members in Japan. In addition to recent forays into the shipment of mares to Japan to be mated to Japanese based sires (to Southern Hemisphere time) by Arrowfield Stud, there have also been a number of Japanese mares sent to Australia to take advantage of service fees and stallion offerings.

Mori says that Australian horses offer great value to international vendors despite their birth dates. "Although Australian thoroughbreds are a half year younger than northern hemisphere horses, I believe it's still valuable to purchase them considering their competitive physical features," he says, "Of course we can't deny the fact that there still is a small disadvantage".

Messara admits that our horses' Southern Hemisphere birthday does limit the wider appeal they could enjoy "but the pedigree and cost considerations continue to draw interest from Asia and elsewhere. Our horses are still very cheap in international currency terms. We offer recognizable pedigrees and well-grown athletes. Importantly, unlike many other places, most of the best bred horses in Australia find their way into yearling sales. This is not the case in other places, so it is a wonderful opportunity to shop for quality."

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