

46th ICHA – 8 OCTOBER 2012

CLOSING REMARKS BY THE CHAIRMAN

Today, 52 countries were represented (49 members and 3 observers).

We have been listening to various presentations during the day and there were many other meetings organized during the previous week.

So what are the principal conclusions of these meetings and of today's Conference ?

A- GENERAL ASSEMBLY AND REGULATORY ISSUES

1- Review of the Governance of IFHA

As I presented it to you this morning, we have decided to review the governance of IFHA in order to attribute more specific missions to the Chairman and the three Vice-Chairmen who have been elected last March for a term starting today and finishing in October 2015.

The distribution of responsibilities will be finalized at the Executive Council tomorrow morning and implemented immediately.

The three Vice-Chairmen are representing Americas, Asia and Europe and Mediterranean but they will be in charge of specific missions on a world basis.

After the transformation of the Asian Racing Conference in the Asian Racing Federation in 2001 and the creation of the European and Mediterranean Horseracing Federation in 2010, we are happy that representatives of North and South America have decided to hold a

meeting tomorrow afternoon to discuss the formation of a future Pan American Conference.

OSAF is a well established organization, created in 1958 and which has recently reviewed its structure.

I am absolutely convinced that there are many issues justifying a global Pan American Conference like medication, simulcasting, Stud Book matters, international ratings, interference rules or others.

When it will have been accomplished, we will have with IFHA a global organization supported by three very strong regional organisations or structures.

I want to thank very warmly my three Vice Chairmen who are working very hard on these issues.

I am also delighted that we will now have a cross-representation between our Executive Council and the International Stud Book Committee.

I am finally totally satisfied by the success of our new fee structure who has made it possible to reconstitute our reserves while reducing by half the charge for the countries facing a difficult financial situation.

2- Review of the Executive Office of IFHA

The departure of Aki Akitani after the Executive Council of March 31st 2013 is a big challenge for us.

The progressive stepping down of Roland Devolz during the next three years is another one.

So I am very grateful to the ARF, the US Jockey Club, OSAF, the EMHF, Weatherbys and France Galop for giving us on a part time basis the support of such excellent persons as :

- Andrew Harding, from Asia
- Matt Iuliano and Andrew Chesser from USA

- Dr Ignacio Pavlovsky from OSAF
- Dr Paull Khan from Weatherbys and EMHF
- Dominique de Wenden from France Galop

They will all take a concrete part in our new decentralized organization and Dominique de Wenden and Andrew Harding will coordinate their work.

Thank you to all for your great support and thank you in advance for helping us to achieve our goals.

3- Reports of IFHA Committees

3.1. ISBC

Paul Greeves, the new Vice-Chairman of ISBC told us that there is now 69 Approved Stud Books with the Oman Stud Book having been approved and they should be very soon 70 as the Ukrainian Stud Book approval process is in the very final stages.

A new internet site and system to provide the best possible facilities for ISBC members and to manage the tasks of informing and educating emerging Stud Books was presented and approved. It will undertake the parentage verification, recording and issue of identification documents for every Thoroughbred.

The subject of Genetic Manipulations and the new version of Article 6 were discussed and it was also agreed to add a suitable wording to Article 12 prohibiting the manipulation of the heritable genome.

3.2. IRPAC

Carl Hamilton gave us a report of IRPAC meeting.

The main subject was the integration of South American ratings with World Thoroughbred Rankings which will be achieved for the first time at

the end of the year and will be used for the quality control of their Graded races.

OSAF will now implement additional ground rules for awarding Group status in South America.

New Ground Rules have been established by the Asian Pattern Committee concerning rating standards and changes for Group races.

The Istanbul Trophy in Turkey was upgraded to Part I, with Group 3 status.

Six races from Spain were promoted to Part II subject to review of their 2012 ratings.

The top 50 races in the world ranked by race ratings will be published on the IFHA website early next year.

3.3. TAC

Andrew Harding and Henri Pouret co-chaired TAC meeting who reviewed many technical issues.

Articles within the International Agreement have been grouped under subject headings Breeding, Racing and Wagering for ease of reference.

Six proposed amendments to the International Agreement will be presented to the Executive Council tomorrow.

A proposed definition and set of criteria for Recognised Racing Authorities was approved for recommendation to ExCo.

3.4. Committee for Harmonisation of Raceday Rules

Rob de Kock reported that the JRA, after a very long consultation within the racing industry in Japan, has decided to change its interference rule to the Category 1 rule with effect from 1st January 2013. It will put them in line with other ARF countries.

I would also like to add that they will then be closer to the French rule as the winner of the 2010 Japan Cup would never have lost the race in France.

However, there is still a need to progress harmonization within Europe and with the American continent.

It should be one of our priorities as simulcasting and commingling of pools are growing around the world.

In other areas, harmonization has been achieved for position of N° 1 stall, non runner rule, head gear and tongue ties.

Other issues are progressing.

3.5. International Conference for Health, Safety and Welfare of Jockeys

Denis Egan chaired that Conference which was organized for the first time in the USA.

There were 50 participants from 11 countries, the biggest ever attendance since its creation in 2006.

All countries are trying to improve their standards, but the lack of structure and the lack of finance make it very difficult for some countries to achieve the best international standards.

3.6. International Agreement and Medication issues

- A revised version of Article 6 on Biological Integrity of the Horse has been presented to you which concerns ethic considerations, prohibited substances and practices, and the risk of genetic and cellular manipulations.

It will be presented to the Executive Council tomorrow morning and we intend to implement it next year.

- Dr Houghton has also been updating us on the 22 International Screening Limits published on IFHA website and the 18 Detection Times published on EHSLC website.
It is certainly the most significant progress ever made to allow practicing vets to apply good veterinary practice in the treatment of horses with therapeutic substances and to harmonize internationally antidoping control.

- Dr Houghton finally reported on the successful International Conference of Racing Analysts and Veterinarians held with great success at Philadelphia in September and made an announcement on the next one in Mauritius in September 2014 for which ICRAV is looking for financial partners.

B- OPEN FORUM

1- Progress Report about developing countries

1.1.- EMHF

Björn Eklund gave us a report on the very positive actions initiated by EMHF.

Paull Khan has been appointed as Secretary General by courtesy of Weatherbys.

I have known Paull for at least 20 years and I am convinced he is the best possible choice and will be a great help for both EMHF and IFHA.

In April, a two day training seminar for racecourse officials, hosted by the BHA, was carried out in Newmarket and new seminars are planned for the coming years.

Several questionnaires have been done about racing rules.

A website is going to be set up.

EMHF has established links with the European Association of Racing Schools.

Mr Philippe Casier, the President of the Belgium Jockey Club will be in charge of issues concerning relations with the European Commission.

So my warmest congratulations to Brian and Björn for these very concrete results and good luck to Paull Khan.

1.2.- ARF

YU Pang Fey has been appointed by ARF as the new Chairman of the Special Body for developing racing jurisdictions.

ARF has created a new membership category for developing countries which can become “Affiliated Member”.

ARF has retained Ciaran Kennelly to help prepare emerging countries and their major races for potential promotion to the Blue Book like Qatar in 2011.

Oman has developed its first Stud Book.

Mongolia has been granted Associate Membership.

Future developments will include mentoring, technical support programs and staff development scholarships.

2- Update on Medication Matters in USA

The title of Jim Gagliano’s excellent presentation was speaking by itself “On the road to medication reform”.

Jim firstly told us that their Fan Development programs which he presented last year are giving very encouraging results, but he very wisely added that all marketing initiatives can be destroyed if you cannot guarantee a clean game and a level playing field.

He then explained us all the work involved in the establishment of “Reformed Racing Medication Rules”.

He commented on the proposed changes to make the penalty structure for drug violations much harder.

We are welcoming the great news that at the Breeders’ Cup next month, furosemide will be prohibited for all 2 year-old races and that 70 members of TOBA have pledged to run their 2 year-olds in 2012 without Lasix.

The Jockey Club core belief that “Horses should compete only when they are free from the influence of medication” sounds like very nice music to my ears.

Jim, I am sure that everybody in that room today is wishing you good luck to win this strategic battle.

3- Presentation of Country and Region

3.1.- Czech Republic

We saw a very nice video on racing in the Czech Republic which shows the result of the struggle in last decades to restore it to the level where it was in the past.

After difficult times with communist rulers, horseracing became one of the country life activities helping to keep young people in agriculture.

Then between 1989 and 1992 the Jockey Club of Czechoslovakia was restored and we saw in the video how successfully it was done with some very famous races like the Grand Steeple Chase of Pardubice.

Mr Luka and Mr Vicenik, we wish you good luck for the future.

3.2.- South America

South America is a marvelous racing and breeding continent with top class racecourses and excellent breeding farms.

As **Ignacio Pavlovsky** showed us, OSFAF countries represent :

- 14.25 % of the races run in the world
- 12.52 % of the runners
- 4.74 % of the prize money with low cost for training and breeding expenses
- 16.33 % of the foals.

Unfortunately, it represents less than 1% of the total betting in the world which means that there is potential for growth but that the task will not be easy.

As you could see it OSFAF is very well organized and has recently put in place a new structure under the Chairmanship of Marcel Zarour.

OSFAF has done a considerable work to integrate the World Rankings and must now implement quality control in all Group races in South America.

It is not politically easy, but it is an absolute priority for all Part 1 countries around the world including Asia.

I had personally the chance to make trips to Argentina, Brazil, Chile and Uruguay and I can tell you that you will meet very nice people with a great passion for racing and breeding and I strongly recommend you to visit them.

4- Racing and Betting Business Forum

The Racing and Betting Forum organized on Friday in partnership between IFHA, EPMA and PMU was a great success as Aki told you.

It was a full day event with 150 participants from 26 countries

It covered :

- Innovations of the racing product to fit market expectations
- Emerging markets and new partners
- The importance of branding in sport and entertainment
- A Tote panel on innovations
- Innovation in international transmission technologies
- Commingling of pools

In his conclusion, Philippe Germond warned us that we need to utilize innovative IT technologies to reach a younger audience, otherwise our betting turnover would decrease every year and create a vicious cycle.

Next year, Jim Gagliano will take over the responsibility of organizing this forum with EPMA and the PMU.

5- Review of current economic trends in breeding and racing (2011/2012)

Aki presented to us his annual statistical survey followed by his usual economical and philosophical approach.

He clearly showed us the worldwide decline of the number of foals for the third year in a row and the consequences of the Euro crisis.

Generally speaking, Asian countries have been increasing their shares in all racing sectors.

Then Aki talked about a new world “Post-Market Capitalism” and showed us a couple of ways of how we could adapt ourselves to this changing environment :

- “Quality versus Quantity” :
It is certainly a major issue as it concerns quality control of racing, a no-medication world, a review of the number and quality of races, revenue based on net income of betting instead of global turnover and a policy of not expecting too much and maintaining your territory
- “Do the right thing” :
Aki gave concrete examples of the “Thoroughbred Aftercare

Alliance for retired horses” in USA, the charities and community “of the Hong Kong Jockey Club” and the importance of the surrounding natural environments of the new grandstand at Longchamp racecourse which we hope to present you at the Conference next year.

The final message of Aki was that we are like goal keepers as our mission is to safeguard the industry at all cost on the last line.

Thank you Aki for this very innovative presentation and good luck for the future.

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AFTERNOON SESSION

“ADAPTING TO CHANGING ENVIRONMENT”

A- CURRENT CHALLENGES AND MEASURES IN RACING INDUSTRY

Brian Kavanagh moderated this panel

1. Keynote speaker :

Bertrand Belinguier, the new Chairman of France Galop gave us a global approach.

He told us that :

- The key factor of the independence for racing is the control of betting
- Relations with political authorities are an absolute priority and we must integrate our racecourses in the life of the city
- We must make racing known as much as possible in the medias and make efforts to attract the younger generations and

women on our racecourses, television and internet being the most important vectors

- We must encourage access to shared ownership in order to attract new owners

Bertrand Belinguier also spoke about the importance of having a strong worldwide organization and reaffirmed, the firm commitment of France Galop to IFHA.

He emphasized the force of the International Agreement, the importance of the integrity and welfare of the horse, the necessity of a fair return of revenues to the industry and the facilitation of commingling agreements.

He concluded by asking racing authorities to cooperate and avoid taking single decisions on issues of common interest without a preliminary consultation in order to look for common best practice.

Thank you Bertrand, for this very interesting speech and your great support.

2. AUSTRALIA

Michael Duffy gave us an overview of the size and breadth of the Australian racing and breeding industry which clearly showed that it is one of the largest and most successful in the world.

He reminded us of the importance of the decision of the High Court of Australia who upheld the validity of the Racing New South Wales legislation based on the use of thoroughbred racefields with the approval of the relevant controlling body and the payment of an appropriate product fee.

Michael detailed also the success of their strategy of internationalization led by the Victoria Racing Club.

“The Race that stops the Nation”, the Melbourne Cup, is now totally international and you have certainly noticed that the last two winners were trained in France.

But this international policy has not been a one way traffic with the victories of Black Caviar and So You Think in Europe.

As Michael said :

“The internationalization of racing has brought many benefits to Australian racing and breeding including raising our profile on the world stage and importantly, building productive relationships with racing authorities and participants across the globe”.

3. ITALY

When I started working at the Société d’Encouragement in 1968, Italy had a very wealthy racing and breeding industry.

It was having the best average prizemoney in Europe and had produced horses like Ribot and Molvedo.

Unfortunately, Italy has become the historical example and a case study of how Governments can destroy step by step a successful betting and racing organization.

Francesco Ruffo Scaletta explained us how it happened and what he is expecting to improve the situation and to reposition horseracing in the new gambling and betting market.

As Francesco very wisely said :

“Any gaming product depends on striking a balance between customer satisfaction and the economic interest of the seller”.

B- CURRENT CHALLENGES AND MEASURES IN OTHER INDUSTRIES

Winfried Engelbrecht Bresges moderated this second panel.

He insisted on the new very competitive digital world with well equipped customers who select and subscribe only to offerings that best meet their needs.

1. Sports Betting Industry

Chris Bell presented us his vision of how embracing change to grow.

He explained to us how the UK betting industry became ten times more profitable within a decade.

At the same time, the consumer-base has been re-invigorated by the development of the sports betting market with younger and more affluent customers.

Technology has been very clearly assisting the growth of the sports betting market.

Chris also told us that regulation and legislation play a vital part in maintaining a crucial balance as a free for all unfair taxation, levies and criminality could spell an ultimate disaster.

2. How to safeguard fair share (Intellectual Property Rights)

Andrew Harding presented us a very detailed analysis of the challenges we are facing in courts to protect Intellectual Property Rights.

He gave us example of court decisions in England, at the European Court of Justice or in Australia.

He developed the possibility of using Race Fields legislation as an alternative to copyright or sui generis database right.

Andrew concluded by suggesting to follow four steps :

- To identify interested IFHA members
- To scope the issues in each country
- To develop one or more model rules

- To use IFHA to advocate the adoption of these models by respective Governments.

It is very ambitious but it is a vital issue for our future and it will be a big challenge for our Vice Chairman, in charge of this mission.

Good luck Winfried !

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Here are my principal conclusions and I would like now to thank especially :

- France Galop for its marvelous hospitality at a memorable dinner at the Opera Garnier on Saturday and at its headquarters today,
- All the speakers and moderators who gave us their time to prepare such interesting presentations (a memory stick is available for each of you),
*This year, I am pleased to inform you that the video of the Open Forum presentations and panels from this 46th annual International Conference of Horseracing Authorities will be available on the IFHA website, **IFHAONLINE.ORG**. This will strengthen our communication to make known the goals, actions, and commitment of the International Horseracing Authorities to good regulation and best practices on international matters.*
- My three Vice Chairmen and the Chairmen of all Committees,
- All ExCo members,
- Dominique de Wenden, Aki Akitani, Andrew Chesser and Martine Gaudron who organized today's Conference,
- All the technical teams of France Galop and Saturne Production
- Last but not least all the interpreters !

Thank you for your attention and have a good trip back home.

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