



# op/ed

by John P. Sparkman

## A SHIFT TO THE EAST

Orfevre, 2011 Japanese Horse of the Year and Triple Crown winner, is the likely favorite for Sunday's Qatar G1 Prix de l'Arc de Triomphe, Europe's richest and most prestigious weight-for-age race. No Japanese horse has ever won the Arc, but Orfevre's attempt is hardly a one-off, and if it does not happen this year, it is going to happen soon.

In 1999, the previous year's Japanese Horse of the Year El Condor Pasa stretched Europe's '99 Horse of the Year and champion 3-year-old Montjeu (Ire) to the limit in the Arc, finishing second by only half a length. Eight years later, another Japanese Horse of the Year and Triple Crown winner, Deep Impact, widely considered the best horse ever bred in Japan, finished third to Rail Link when jockey Yutaka Take gave him an inexplicably aggressive ride for a confirmed deep closer. Deep Impact was later disqualified for a drug violation. Then in 2010, Nakayama Festa, who had won only one Group 1 race in Japan, almost upset Europe's champion 3-year-old Workforce in the Arc, going down by only a neck. Japanese horses Taiki Shuttle, Seeking the Pearl, and Agnes World have won Group 1 races in Europe. Japanese star Cesario won the 2005 GI American Oaks.

Obviously, the point is that for more than a decade now, the best Japanese horses have been as good as any in the world, but the rise of the Japanese Thoroughbred to the top of the international scale points to a larger trend that should be a troubling object lesson for American horsemen.

As horse racing has declined steadily in the United States over the last two decades, it has thrived, relatively speaking, not only in Japan, but in Hong Kong and Singapore, neither of which has the land for a breeding industry; and in Australia, which definitely does have sufficient land to supply other jurisdictions. Asia's sleeping giant China legalized horse racing in 2008 and has issued five permits for racetracks, though the government has not yet legalized betting on races. With more than 2-billion people, China's market has potential for American horses is just as obvious as for any other American-made product.

The question for American breeders is "What do we have to sell to any of those markets?" All of them race predominantly on grass. All have strict restrictions against raceday medications.

At the 2012 Keeneland September Yearling Sale, the largest emporium for racing prospects in the world, a cursory examination of the list of buyers reveals 30 purchases by Japanese buyers for \$8,327,000; 15 by South Koreans for \$449,000; and five by the Hong Kong Jockey Club for \$330,000. In addition, Russian buyers spent at least \$2,564,000 for around 60 horses. By contrast, perennial leading buyer John Ferguson, representing the world's largest owner/breeder, Sheikh Mohammed bin Rashid al Maktoum, bought only four horses for \$895,000.

The Japanese built their highly successful breeding industry by purchasing high-class American and European runners, but as those figures show, Hong Kong, the only jurisdiction in the world that approaches Japan in average purse distribution, does not seem that interested in American horses. As one disgusted California agent once told the author, "They only want perfect horses." Specifically, Hong Kong wants horses that can race without drugs and they are not convinced they can find them on the American market.

Purses for American racehorses declined from a high of \$1.25-billion in 2007 to \$1.15-billion in 2010, and ticked up slightly to \$1.17-billion last year. Purses travel in lockstep with wagering on races. Number of races per year has declined and number of registered foals has declined more than 30% since 2008. Wagering and purses have also declined somewhat in Japan and Hong Kong as a result of the global economic recession, but comparisons remain invidious.

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### KEENELAND SEPTEMBER 'EASTERN' BUYERS

<b>Japan</b>		
J S Co. LTD	3	1,010,000
K K Eishindo	10	3,260,000
Koji Maeda	3	915,000
Masatake Iida	1	75,000
	<b>30</b>	<b>8,327,000</b>
<b>Korea</b>		
KOID	15	449,000
<b>Hong Kong</b>		
Hong Kong JC	5	330,000
<b>Russia</b>		
Kazakov	21	302,000
Raut LLC	37	2,262,000
	<b>58</b>	<b>2,564,000</b>
Ferguson	4	895,000

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The American racing and breeding industries, though, acts as if we collectively believe that we still breed the world's best racehorses. The rest of the world has moved on.

Throughout the 1950s, '60s, and '70s, American breeders bought the best stallions and mares they could find anywhere in the world. By the 1970s, we were clearly producing the world's best horses. But by the 1980s, breeders based primarily in Japan and Europe began turning the tables, buying our best and standing them in their home countries.

American breeders got rich on selling those horses to Europe and Japan, but we now have little left that interests those buyers. Hong Kong buys most of its horses in Australia. Europe breeds their best from horses descending from American-breds, as does Japan.

What can we do about it? As Bill Oppenheim pointed out in *TDN* this week, we can buy more stallions with top-class turf form. We can also ban race-day medications. We might even come up with innovations to attract more people to American racetracks and betting windows, whether analog or digital.

None of that, of course, will be easy.

Doing none of it may well be suicidal.

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