

**Speech by His Highness the Aga Khan
at the General Assembly and 45th International Conference of the
International Federation of Horseracing Authorities
3 October 2011**

Ladies and Gentlemen,

I am told that this is the first time, in 44 years, that anyone has been asked to deliver a keynote speech at your annual meeting.

I would like to thank you and Mr Romanet for this opportunity. I congratulate him for being nominated an honorary member of the American Jockey Club. This is a highly deserved tribute to one of the world's most significant contributors to international horse racing. Like many of you, he has devoted himself, generously and selflessly, to this activity.

I was reminded the other day of a particularly generous and kindly lady, who took pity on one of the less fortunate people she encountered on the street as she took a walk one day. Impulsively, she handed him a 20 euro note and murmured in a kind, quiet voice "Godspeed, my good man." The next day, the same man came up to her and handed her a 100 euro note. "What is this for?" she asked. "Haven't you heard?" said the man. "Godspeed came in at 5 to 1 at Longchamp."

I would like to speak about the long run today - issues that may be of concern for the future of racing and breeding - and drawing on my own experiences which now go back, believe it or not, over fifty years.

I inherited my family's bloodstock activities one year after I graduated in 1959 from Harvard College. Sadly Harvard still does not offer a degree in bloodstock management. I have been trying ever since to understand the wonderful complexities of the thoroughbred world. My goal has been to build a traditional breeding operation that produces the best thoroughbred horses as often as possible - and continuously strive to improve our families, while also balancing our books. (This may be one of the greatest complexities of all!)

Our experiences have also been global. We have bred and raced in England, Ireland, France, Germany, Italy, Dubai, Australia, Argentina, Canada, Brazil, Venezuela, the United States, Hong Kong, India and Kenya. It seems to me, as we look to the future, that our activity is likely to become increasingly global, complex, and diversified.

Since 1960, I have been immensely fortunate to have bred and raced a number of outstanding thoroughbreds and to have worked with many world-class professionals. Of course, I have also been deeply affected by some reversals, such as the kidnapping of Shergar by the IRA in 1983, no doubt in an attempt to finance the acquisition of missiles to destroy British helicopters in Northern Ireland. I have also been exposed to some of the worst science possible from regulatory laboratories that break all the basic rules of good practice. I have acquired stallion prospects and fillies out of training that have

been so contaminated by drugs that they were utterly compromised as breeding prospects.

And yet, on balance, I consider myself deeply fortunate to have been part of this fascinating activity.

All of us are linked by our love for the horse, this extraordinary animal which has affected all major civilizations throughout time. It has influenced every aspect of human life from faith to war, from sport to economics, connecting people, and carrying them to the most isolated parts of the world.

We are also all animated by a spirit of sharp competition - both on the racetrack and away from it. You may have heard about the owner who was trying to impress a new friend by describing the growing size of his land holdings. "I can get on my horse in the morning and ride around the perimeter of my property, and not get home until dark," he bragged. "Oh I know what you mean," said the other owner. "I also once had a horse who was that slow."

The thoroughbred world is indeed an enormously varied one these days, fluctuating between a micro hobby and a mega business, from the single horse in partnership, to global enterprises with quasi-State backing, from representing a small percentage of an individual's leisure budget, to banking on a global scale.

But, no matter what the level of involvement, our common denominator is that men and women, around the world, are deeply committed to breeding and racing thoroughbreds. Thus if we want our activity to survive and grow, it

has to be owner-friendly –for all forms of ownership. This means that all stakeholders - from governments and regulators, trainers, jockeys, veterinarians, event organisers, and auction houses - need to be sensitive to the wide diversity of thoroughbred ownership. This is a daunting challenge for an activity which is constantly moving between a hobby and a business, and between developed and developing countries.

Given all of these complications, I have asked myself what steps could be taken by you, the regulators, to help our industry evolve and grow. I have six specific suggestions to share with you.

My first point concerns education and our need to improve and disseminate the core competencies of this industry.

It is critically important that the wide range of people connected with our activity, should be able to access the latest developments, the deepest insights, and the best thinking about the sport. There are too few academic institutions on all continents, which develop, refine and distribute knowledge for the key players in our industry.

I believe that our activity would benefit from more good quality, academic institutions focused on the management and development of the thoroughbred world. These academic resources could relate to disciplines from economics to genetics, from land management to veterinarian science and pharmacology, from cost accounting and yield management, to marketing. The curriculum would be a demanding one - and its graduates would become the leaders of our industry.

We should also call upon the many women and men in our field whose extensive knowledge and experience would make them leading full time or part time academics, to spearhead the development of this crucial research and education.

A second aspect of our activity which affects every type of owner is the economic demands that breeding and racing entail. As far as I am aware, there are very few, if any, financial institutions offering specialized services for our thoroughbred world, and even fewer that have targeted financial products to help novice or expert owners to address their needs. Indeed our sector is generally seen as unbankable, unless owners and professionals use other assets as collateral. This issue is compounded, in times of recession, when owners even risk losing assets unconnected to their thoroughbred activities.

Financial institutions in most sectors of enterprise recognise the market for products to help new investors, or for going concerns to expand and grow. Surely, it should be possible for the thoroughbred industry to do the same by creating institutions or mobilising existing ones to adapt financial products to help meet the highly distinctive - and sometimes volatile - capital and operating needs of our industry.

My first two suggestions are linked together, in that appropriately educated individuals would be the very people who could structure and staff these new financial institutions.

This brings me to suggestion number three. As we all know, our activity is significantly more exposed to catastrophic loss than many other fields of

human endeavour. Priceless horses break down, stallions become infertile, entire crops are compromised by viral or parasitic outbreaks, yet there is precious little support from governments or financial institutions to balance out these crises.

Enterprise risk is a well-recognized problem, and it is no surprise that even the World Bank saw fit to create MIGA, the Multilateral Investment Guarantee Agency, to mitigate such issues. Is it not possible, now, for the global thoroughbred industry to build something similar? Every breeder, and every owner, everywhere is highly exposed. Would it be possible to conceive of a global programme to address this issue? In 2009 and 2010 our world recorded some 530,000 thoroughbreds. I find it difficult to believe that with such a global thoroughbred population new sustainable risk management products cannot be developed. How we protect ourselves, through new insurance programmes or other risk abatement measures, is a challenge that is worth taking up.

A fourth issue which relates to everything I have mentioned so far - to education, to finance, and to risk insurance - is an issue I would call the matter of providing better business information. For example, our industry needs more adequate accounting rules, so that we are all speaking the same financial language when we talk about variables such as the amortisation time for broodmares, or the calibration of yield management for stallion stations. Likewise, I would also mention the need for greater reliability and transparency in the sales process. How does a new investor, knowing little or nothing about our sector, evaluate the logic and wisdom of his or her investment without a deeper understanding of market trends, the economic

forces at play, or key measurements that identify both potential and risk? How would a future young owner take his or her first steps in this business without reliable, accredited advisors who work to respected industry standards? How can we attract investors today into an industry, lacking in non-partisan consultants?

If auction houses are inefficient or insensitive as regards market fluctuations, or, worse still, if they can be manipulated to the benefit of some and to the damage of others, then they are not fulfilling their proper, ethical role. Not so long ago the art world illustrated just how serious this problem can become. When manipulative abuses occur in the thoroughbred world, it is particularly damaging to new entrants and smaller enterprises, and yet those are the very individuals whom we must protect, sustain and encourage.

Disciplined self-governance in bloodstock auction houses depends on the rigorous principles of their shareholders and their boards of directors - and this relates directly to my interests in Goffs and Arqana.

Many of the countries entering the racing and breeding industries today are still in the process of cementing their civil society and financial frameworks. The longevity and success of our sector will need to be built on a solid foundation of transparency and business propriety which will give it respectability from the start.

Let me mention briefly a fifth area of concern - the increasingly onerous cost of building and maintaining our racing infrastructure.

Most of our racecourses are used for 30 days a year or less – just a little more than 8% of their annual availability. Our racecourses must renew themselves to convert from economic drains to breakeven operations, or better still, surplus generators.

Pressure on open spaces in many cities around the world, has caused the authorities to convert racecourses for other purposes. This is a great threat to the racing world, and I have tried to contribute to its reversal by supporting the modernization of Chantilly and the Curragh. I believe new formulae must be found to make racecourses multi-purpose destination spaces for the future, spaces that state or city authorities view as viable urban assets. They must no longer appear to be costly, under-utilised, barren areas which primarily serve a limited public representing various forms of frivolity.

Let me conclude by mentioning, as my sixth concern, a different sort of issue - a global problem to which I have been exposed. I refer to the question of the use of drugs in breeding and racing and the application of scientific protocols that should regulate this problem.

As an owner breeder, I have always been totally committed to drug free racing and I vigorously support a strong non-tolerance policy. But such a policy can never be achieved or enforced unless we can all be perfectly clear and transparent about what is, or is not, tolerated.

In the absence of standards which are clearly defined, known to all, and equitably enforced, the drug detection process loses its credibility -and its effectiveness. Some regulators take the stance that every competitor is considered guilty until proven innocent - and every control laboratory is

infallible. The resulting atmosphere of suspicion and uncertainty creates an untenable climate in our activity. It absolutely must be reversed if we want to attract the time and resources of honourable, horse loving individuals around the world.

A problem arises when control laboratories replace old research methods by sensitive new equipment or a refined detection process that identifies substances at much lower levels than ever before. Indeed, these new levels may have no impact on a horse's performance. The problem is vastly compounded when these changes are kept secret from the industry and trainers and veterinarians are unaware of new standards for judgment.

My purpose in referring to this is not to point the finger but to explain to the regulatory authorities issues which they may not perceive in the same light as other professionals in the industry. These issues have arisen in England, in the US, and now in France and I would expect them to arise in other racing and breeding nations.

Scientific processes can be compromised by carelessness and incompetence, and it is the responsibility of the regulators – who we recognise are not trained scientists – to satisfy themselves that their laboratories rigorously adhere to best practice. A scientist who will do anything to become the leading authority on a given drug, or a laboratory who panders to a major client in order to ensure continued research funding, are established case study situations.

Rigorous, reliable and competent scientific quality control has too often been lacking in our industry, and situations have arisen, both in America and in

Europe, resulting in procedures which are unethical to owners, trainers and veterinarians, the very people whose skills must be mobilised to keep our activity clean.

Most recently, in France, a number of positive betamethasone cases in several disciplines have highlighted the gulf between racing professionals and the regulatory laboratories. This most recent situation adds to the deep diffidence with which many owners, trainers and veterinarians look at regulatory science and the way it is imposed.

No laboratory has ever, to my knowledge, advised the thoroughbred world about the safe period for betamethasone use. In the absence of any direction on this issue, vets usually considered 14 days to be a completely safe margin. A veterinarian who will remain anonymous confided in me that in the past 10 years he administered over 3000 doses of intra-articular injections to the fetlocks, for medical purposes, and respecting the assumed 14 day safety period. Not one single positive was identified in France or abroad. Today betamethasone positives are increasingly and inexplicably common.

As a race horse owner I need to understand these sorts of situations, so I commissioned my own analytical procedures based on a guestimate of the scientific protocol being used in France. This is not made available to third-party laboratories. In conclusion, my laboratory informed me that they would need to carry out significantly more tests to establish a safe period for betamethasone use, but if the rule was absolutely no tolerance for the product, then even 18 days would not be safe.

This appears to be an example where a regulatory laboratory, who should have known about the problem has not informed the veterinarian community about the safe period during which vets can administer a medical product. There are two hypotheses to this situation: either the laboratory does not know itself, as would be evidenced by my own research, in which case the product must be definitively banned until it is fully understood, or the acceptable tolerance limit must be established, and testing done only up to that level. Leaving veterinarians and trainers to operate in an unclear scientific environment where they and their owners bear the consequences cannot be acceptable.

So these are six areas of concern that I believe are worth our continued and increased attention: educational institutions, financing mechanisms, insurance protection, business information, racing facilities and control of therapeutic substances.

I thank you and Mr. Romanet for the opportunity you have given me to speak about breeding and racing from the point of view of an owner breeder.

As one of the thousands of owners and breeders I would like to congratulate you on your past accomplishments and thank you for your efforts. As I look ahead, I think many of us would wish to encourage you, the regulators, to become facilitators, and innovators, bringing to our industry new and creative answers to the issues we face, and building policies and institutions that will be essential for the future growth and good health of our industry.