

Japan poised for law to allow casinos

Japan's ruling Liberal Democratic party plans to legalise casino gambling next year. Seiko Noda, who heads an LDP study group that is drafting the legislation, said the target was to pass a bill by the end of the next ordinary Diet session in June 2008.

The ruling party hopes casinos will spur tourism, help revitalise local economies and increase tax revenues. Opening up Japan to casinos is also likely to provide big opportunities for foreign operators, as few Japanese companies have the expertise necessary to develop the large-scale operations being envisioned.

Japan's initiative to deregulate casinos comes as Macao outruns the Las Vegas Strip in casino revenues and Singapore prepares to open its first casino resorts to attract players and stimulate tourism.

Ms Noda said the proposal to open up casinos in Japan was part of a broader initiative to attract more foreigners. She said Japan would study the possibility of charging the local population an entrance fee to discourage visits by lower-income consumers.

Under a programme launched by the former prime minister Junichiro Koizumi, the government aims to boost annual foreign visitor numbers to 10m by 2010 from 7.3m last year. This initiative comes as Japan faces a declining population and falling tax revenues. „If there were three Las Vegas-style casinos in Japan, it could bring in Y700bn (Euro4.3bn) in tax revenues. At the same time, there would be investment, and employment would increase,“ Ms Noda said.

In particular, casinos are seen as a way to revitalise local

economies, which have not enjoyed the economic recovery seen recently in large urban centres. Leading casino operators, including Las Vegas Sands and Genting of Malaysia, had told the LDP there was „tremendous potential, because Japan could attract interest from north China and Russia, where there has been huge [economic] growth“, she said.

„There is definitely enough demand for casinos,“ says Aaron Fisher, analyst at CLSA in Tokyo. Tokyo, in particular, has a large population within a two-hour radius earning a lot of money. „Definitely the returns [could be] huge,“ he says.

The LDP's plan still faces formidable obstacles, not least the negative image gambling has among the general public. Japan is the only advanced economy where casinos are illegal. „There is a special situation in Japan, which is that there is a strong allergic reaction to gambling,“ Ms Noda says.

Under the current LDP plan, casinos in Japan would be entertainment complexes combining a range of facilities such as theme parks, theatres, shops, restaurants and hotels to dispel gambling's negative image.