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TOKYO/HONG KONG, April 23 (Reuters) - After Singapore, Japan?

A pro-casino group of Japanese lawmakers has tapped an influential member of the ruling Liberal Democratic Party (LDP) as its leader and plans to submit legislation this year aimed at opening the world's third-largest economy to casino gambling.

Although casinos are illegal, Japanese are already active gamblers, and a pinball-like game called pachinko generates some \$200 billion in revenue each year - about the same as Toyota Motor Corp. Japan is often touted as the next major casino market after Chinese enclave Macau, the world's biggest gambling hub, which raked in revenue of \$38 billion last year.

A large and wealthy population coupled with a proximity to Shanghai and Beijing has the potential to transform Japan into a lucrative gaming centre, providing tax revenues to shore up the state's ailing finances, analysts say. Broker CLSA estimates Japan's gaming market could be worth at least \$10 billion if two large-scale integrated resorts are approved - more than Singapore's \$5.9 billion and Las Vegas' \$6.2 billion in 2012.

The cross-party casino group aims to submit a promotional bill to parliament in the autumn, which could be followed by concrete laws within two years, Takeshi Iwaya, the deputy head of the lobby of more than 100 lawmakers, told Reuters.

POLITICAL CHANGE

Submitting a bill would mark progress for a pro-casino camp that has struggled to gain traction for more than a decade even as other Asian countries develop multi-billion dollar resorts to attract tourists and investment. A major roadblock in Japan has been the near constant change in political leadership.

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But hopes have been raised by the return to power in December elections of the business-friendly LDP under popular Prime Minister Shinzo Abe, who has indicated he is open to the idea of casino resorts.

The group will introduce Hiroyuki Hosoda, a veteran LDP lawmaker and former chief cabinet secretary, as its new chairman at a meeting on Wednesday. Hosoda will have the ear of the administration, an important piece of the puzzle that has been lacking in recent years, Iwaya said.

"You need both sides of the equation before things really get moving. We want to make that happen this year," said Iwaya, whose group is proposing an integrated resorts model that incorporates tourism, conventions and entertainment, as well as casino gambling - an approach based in part on the strategy adopted by Singapore when it opened its first casino in 2010.

Yet many analysts remain sceptical there is enough political support. An attempt to introduce a casino bill last year to help fund rebuilding of the earthquake-hit northeast fizzled in the face of the December poll.

One potential complicating factor is the Japan Restoration Party, formed last year by popular Osaka Mayor Toru Hashimoto, which has said it may introduce a bill on its own even though its lawmakers are members of the cross-party group.

"One of the projects that would definitely bring investment into the country and create jobs is casino gaming. The issue is whether they can finally get their act together to make it happen," said Paul Bromberg, gaming industry expert and CEO of consultancy Spectrum OSO Asia.

SOCIAL IMPACT

One of the group's most pressing tasks is to get Abe, who is enjoying high support ratings due to aggressive economic policies aimed at defeating deflation, to include casinos in a growth strategy to be announced in June. In a March parliament session, Abe said he could see the economic benefits of introducing casinos - a statement proponents interpreted as support for

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the movement - but he also mentioned the need to study the potential social costs.

Casino legislation could be submitted around September after an upper house election expected in July.

At the very least, a bill would face resistance from the Communist and Social Democratic parties, both of which worry about crime and other harmful side effects on society, representatives from the small opposition parties said.

Communist Party lawmaker Mikishi Daimon said there was not a clear consensus on the merits of introducing casinos, including within the LDP.

Given the expected economic boost, legislation would likely receive broad support among Japan's business community, while casino operators including Las Vegas Sands and Genting Group have also shown keen interest in opening a casino in Japan.

Among potential beneficiaries highlighted by Mizuho Securities in a March report are pachinko machine maker Sega Sammy Holdings and Fuji Media Holdings, a broadcaster headquartered in the Odaiba area of Tokyo seen as a prime spot for a casino should legislation pass.

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