

Primorye limits gambling

Thirty eight Russian regions have prohibited all gambling activities since Sunday when the new federal law restricting gambling in the country came into effect. The Primorye region, which is in the list of four gambling zones to be left in Russia by July of 2009, has not entirely banned gambling but has introduced considerable restrictions.

The law, which was passed by the State Duma in December 2006, put a requirement for a casino's minimum area to be 800 square meters and the minimum area of a gambling hall should be no less than 100 square meters, with the number of gambling machines being at least 50. In addition, to operate a new casino or gambling hall a company is required to possess assets amounting to over 600 million rubles (USD 22.8 million), with a minimum of 100 million rubles in assets (USD 3.8 million) to operate as a betting office. The law also enabled the regions' legislative bodies to put further restrictions on local gambling activities.

In Primorye, the region's Duma deputies have imposed numerous amendments, according to which all gambling machines are to be placed in special gambling halls, outside temporary constructions, kiosks, as well as educational, medical and recreational buildings. The local law also forbids setting up machines at railway stations, airports, public transport stations or municipal institutions.

In Primorye gambling business brings a substantial profit into the regional budget – in 2006 taxes collected from the business accounted to 4.5 million rubles (USD 168,856).

Currently some 4,000 gambling machines are registered in Primorye but with the new law coming into force most of them are to be removed from their locations permanently. Experts estimate that in Primorye no more than 10 large companies

involved in gambling will stay in the market.

The imposed law also states that beginning July 1, 2009 all gambling facilities are to be hosted in the four special gambling zones in the Altai region, in Primorye, on the border of the Krasnodarsky and Rostov-on-Don regions, and in the Kalinigradsky region in western Russia.

According to a recent report by PricewaterhouseCoopers, the maximum turnover in Russia's gambling business was registered in 2005, with a total of \$ 5.9 billion. Company experts estimate a 19.4 percent decrease in the turnover for Russia's gambling sector this year, a 20.8 percent decrease in 2008 and a 57.9 percent fall in 2009, while a 2.6 percent growth is forecasted starting with 2010. In 2011, the turnover is forecasted at USD 1.5 billion.

Meanwhile, a recent opinion poll by the National Public Opinion Studies Center VTsIOM revealed that 65 percent of Russians expressed a strong negative attitude toward the gambling industry.

According to the poll results, 60 percent of the surveyed spoke in favor of restrictions in the gambling business and 32 percent think all gambling should be prohibited. 70 percent of those attending casinos and gambling halls think the casinos should have a legal status, while 25 percent of those polled said they will keep on gambling even if gambling halls and casinos are illegal, the survey revealed.