

Casino industry still not a given: analysts, officials

Though the government has lifted the ban on gambling on Taiwan's outlying islands, much remains to be done before a casino industry takes off, as the ventures require major infrastructure improvements and may prove unprofitable, analysts and officials said yesterday.

The proposal to legalize gambling cleared the legislature on Monday, but restricted casino facilities to outlying islands as part of an attempt to boost tourism.

To appease opponents of gambling, the amendment stipulates that casino proposals must gain approval from local residents through a referendum.

Council for Economic Planning and Development Minister Chen Tain-jy said yesterday that prospective developers had to be multi-national corporations with significant capital and experience, because the government has not supervised casino facilities before.

To avoid splitting up the market, Chen said his council would recommend limiting the number of operation licenses to one or two.

Potential investors must build integrated recreational facilities including casino hotels to distinguish themselves from competitors in Macao or South Korea and create more job opportunities, the amendment states.

The council said late last month that integrated recreational facilities including casinos remained competitive and any negative social impact could be minimized if they are concentrated in an isolated area such as on one of Taiwan's smaller islands.

The Penghu County Government has long sought to introduce casino facilities. Penghu County Commissioner Wang Kan-fa said there were two suitable sites under his administration but declined to provide further details.

Former council vice chairman Chang Ching-sen said Penghu was unfit for multi-billion dollar casino projects because of its climate and poor infrastructure.

Chang, who was in charge of considering the gambling amendment under the former Democratic Progressive Party administration, said he doubted any international developer would build casino facilities in Penghu, which is known for its strong winter winds, suffers water and electricity shortages and has inadequate transportation. Only small commercial planes can fly to the remote island groups.

Gambling facilities on Taiwan proper would fare better, Chang said.

Council Vice Minister Hwang Wang-hsiang said last month that attracting investors was a priority.

"There won't be casino facilities if investors don't find such adventures profitable," Huang told a year-end press conference.

The economic official said the government could meet transportation and electricity needs but that water supply would remain a challenge.

Isle of Man-based AMZ owns 11 hectares of land on Penghu and hopes to win a casino license for a USD 300 million, five-star, 500-room resort, director Ashley Hines told Bloomberg.

Norman Yin, a money and banking professor at National Chengchih University, said all outlying islands needed intensive infrastructure work before they could become major tourist spots.

Yin said the government did not seem to be addressing the issue and the economic downturn would discourage foreign capital: "All things considered, we may not see casinos in Taiwan in the foreseeable future."