

CRIMEA TO BECOME A WORLD CLASS GAMBLING ZONE?



There are numerous proposals and considerations being suggested on the controversial topic of how to make Crimea economically and socially viable under Russian rule and one of the latest ideas for increasing its appeal as a tourist destination is to create a gambling zone. Gambling is only legal in zones in Russia – this would be their fifth – and one of the current regions, Azov-city, is being used to persuade officials of the proposal's economic worth, with the city having brought in 140 million rubles in taxes in 2013, 120 million of which were from casinos. Putin is apparently on-board, having presented a bill to the State Duma, PM Dmitry Medvedev says there would be tax breaks and less red tape to help the area progress to the average Russian level and there are also claims that Crimean officials would still have control over the borders of the zone and the right model to use. Many see this is a highly profitable venture for the peninsula but some in Crimea want to go further than this average Russian level and others foresee problems.

The potential for a rival to Las Vegas and the obstacles in the way.

Meeting Russian expectations is one thing but the Crimean Deputy Prime Minister, Rustam Temirgaliev, says he want the region to work to an international scale to become a “competitor to such sophisticated territories as Macau, Monaco and Las Vegas”, adding that there are two potential models to choose – either a special gambling city in Yuzhny Bereg or letting Russian casinos into “specially prepared tourist complexes”. It is easy to see why Crimean tourism officials and investors would be optimistic about the chances of a gambling zone, especially when there is a separate economic zone being proposed to give them the ability to match these foreign rivals and the prediction that an integrated entertainment-tourism cluster in Crimea would bring an estimated 600,000 more tourists and extra 1bill rubles.

There is a lot to get investors and the local tourism agency excited but the potential problems should not be overlooked. The biggest issue is the amount of time and investment that would go into the project, with some predicting that revenue would not be seen any sooner than five to seven years from now, and this is made even more grim by the fact that the other three gambling zones are still under construction – Azov-city is the only functioning model to base this on. On top of this, there are warnings about the lack of Western investment because of the political situation and proposals to issue permits in existing hotels in Sevastopol – which would cut time and costs – would go against the Russian gambling laws.

Despite these roadblocks and limitations, there is still a lot of hope for this transformation. While many point to the half-built gambling zones of Kaliningrad, Primorye and Altai as ominous warnings, Crimean investors and politicians point out the fact that Crimea already has a strong tourism industry and the infrastructure in place. The people and potential are already there and it will take more than these setbacks to shake the idea of a Crimean gambling resort of world-class standards.

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