



A World Class Casino in Cyprus

By Alexia C. Couccoullis

Casino Gaming will be a welcomed addition to the exotic destination of Cyprus, which currently offers luxury hotels on the Mediterranean Sea.

The Cyprus Cabinet recently set the goal for Cyprus to become the “Las Vegas” of the Mediterranean. After many years of restrictions regarding gambling in Cyprus, the recent decision of the Cabinet on July 19, 2013, totally changes the Island’s gaming prospects and makes it an attractive addition to the gaming world.

In mid-July, it was finally announced that a single license will be granted for a resort casino with specifications of the same standards as those of the big casinos around the world. The unveiled initial figures refer to one thousand rooms, one thousand slot machines, and one hundred betting tables. The licensing process will begin immediately and will be finalized within twelve months’ time. It is the government’s goal to have the final investor and the investment proposal no later than in one year with the granting procedure to follow a fast track process.

The aim of the government is to have a credible international bid procedure that will attract international investment interest. It is clear to the Cyprus government that it is absolutely necessary to retain the services of external advisers with specialized knowledge and experience at all stages of the process, including the final stage of

signing the casino development license with the successful applicant.

Expertise in the legal sector is definitely in the government’s interest, and it is expected that the ministry will proceed shortly with an RFP to this sector. If the Greek model is followed, a reputable and experienced law firm in collaboration with a respectable local legal partner will consult with and support the government throughout the entire tender process.

Boasting a huge bed capacity, an integrated casino resort would offer a number of auxiliary services, including theme parks, restaurants, shops, and malls, according to the findings of a study carried out by private-sector consultants and commissioned by the Cyprus Tourism Organization upon which the Cabinet based its decision. The consultants’ study anticipated a massive impact on tourism and a huge increase in arrivals and visitors particularly

from Russia and from the Middle East. The project itself is expected to bring in an investment of between €600-800 million.

For the time being there is a broad open discussion regarding the location for the announced casino resort. All major provinces in Cyprus are hugely interested, promoting advantages that exist in the local area such as marina, or airport or golf. The government remains totally silent on this matter since site selection is a very delicate matter for the island. The wisest voices express that the place for the casino should remain a decision that the final investor will make based on the advantages and disadvantages of each possible location.

Furthermore, we also expect to see amendments to the gaming legislation which will likely open the online gambling sector, as well as the opportunity for short term VLT licenses.

Due to the financial recession, the government is seeking to increase its income from alternative sources, and the gaming industry will not be excluded any longer. Until the opening of the integrated casino, some politicians suggest that short term VLT licenses be issued to existing hotel resorts. This would produce immedi-

ate income from the licensing procedure as well as revenue from taxation that would be imposed. It is worth noting that Cyprus still has a tax scheme which is considered favorable, and if it will maintain a similar scheme for the gambling sector then it will be among the lowest in Europe.

Last but not least for the online gaming sector, there are serious considerations from the government to proceed with amendments to the existing law, which totally bans Random Number Generator (RNG) games. As the law stands, this privilege remains to OPAP SA, a Greek state owned - until a few months ago - lottery, due to a bilateral agreement. It is expected that after the OPAP's privatization is finalized, the Cyprus government will need to reevaluate the future of the online RNG's and open the market.

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For the time being, the utmost priority for the Cyprus government is to open the gaming market but remain socially responsible and control the illegal sector. Therefore, it is expected that “responsible gaming” will be adopted in Cyprus as it is implemented in the most advanced countries in the world and also recently in Greece, where the unique players' card and the responsible gaming features are mandatory by law.

At this stage, it is obvious that from a legal perspective, we are expecting interesting developments, given the expressed need of the government to receive expertise and knowledge from all related fields. ♣



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