

## MEXICO: THE BIGGEST GAMBLING MARKET

US and Spanish companies in the best positions



In the short term, Mexico is set to become the biggest new market for the gaming industry, ahead of current leaders Macao and Las Vegas.

In January the Mexican Supreme Court approved the Regulation enforcing the Federal Games and Lotteries Act and endorsing the licences granted by former President Vicente Fox.

For the moment, the judgement does not modify the existing prohibition on Casinos, but it does leave the door wide open for a radical change in the situation in the short term.

Most Mexican analysts estimate that Casinos will be totally legal within a term of 18 months and even the most pessimistic give the process no longer than 3 years, the midway point of the mandate of current President Felipe Calderón.

At present gaming in Mexico is regulated by a law going back 60 years, passed on 31 December 1947. Along these lines, it is worth taking into account that the US state of Nevada did not legalise gaming until 1931 and Las Vegas Casinos only began to acquire importance with the inauguration of the Flamingo in 1946.

Mexican gaming legislation is totally obsolete, created in times of serious international crisis at the end of World War II, since which time social concepts in most countries have changed immeasurably.

Except for certain backward enclaves, current Mexican society is demanding renewed legislation to regulate gaming, allow the opening of Casinos and put an end to the rise of illegal Casinos.

According to data made available handled by the Mexican Parliament, there are currently over 1500 underground Casinos in the country.

The path to be followed is not a difficult one and, in any case, most of the work has already been done: at present there are three bills for a new Federal Gaming Act before Congress, presented in 1999, 2003 and 2004. All three contemplate legalising Casinos. All that is missing now is to set a date for debate and enactment.

Both the Senate and the lower chamber have emphasised the fact that authorising Casinos would bring in revenues of over US\$36,000 million, increase quality tourism by more than 20% and contribute greatly to state coffers, allowing for a good number of social projects to be undertaken. It would also go a long way to doing away with illicit gambling.

At present, Mexicans are increasingly frequent visitors to Las Vegas, where they are the third most numerous customers, after domestic visitors and visitors from Belize, where three big Casinos have been inaugurated in the past five years.

So popular is gambling that many of the big cruise ships departing from or docking at top international tourist destinations such as Cancun, Acapulco and Puerto Vallarta have Casinos on board.

According to Mexican lawmakers, the money spent by Mexicans in the two neighbouring countries would stay in the country and revert to society via taxes.

What is clear is that right now gaming establishments are opening in Mexico at a dizzying rhythm. As bingo halls, sports books or simply Casinos, they all act under cover of regulations brought in by the previous government, remaining open pending the decisions of appeals against their closure or simply while municipal or federal authorities turn a blind eye.

According to data handled by big international slots manufacturers, by the end of 2006 there were over 15,000 legal electronic bingo machines in Mexico. Over the coming 5 years, this figure is set to exceed 50,000.

US company IGT has the most machines installed, over 6,000, while Spanish group FB-Metronia, with 2,000 machines, has the best average takings, almost US\$ 160 per machine per day.

Other companies positioned well on the market are Bally, Cadillac Jack and VGT, from the USA, and Canadian company Bluberi, all of whom have 2,000 machines each.

As an official spokesman for Cadillac Jack stated last March, *"This is Cadillac Jack's biggest growth market and probably the biggest growth market in the world right now"*.

One advantage for US manufacturers is that many of the game terminals installed in Mexico are quite similar to US Class II slots.

Another well-positioned European company is Spanish concern Unidesa.

In recent months slots manufacturers from Eastern Europe, the UK, Canada and Argentina have been jostling for places on the Mexican market.

Apart from Televisa, which concentrates mainly on online lotteries and betting, some of the biggest operators are Mexican company Corporación Americana de Entretenimiento, which has agreements with IGT, the Mexican Caliente and Spanish company Codere, both in an alliance with FB-Metronia.

This dizzying commercial revolution is happening as a result of forecasts made by analysts and manufacturers, who believe there will shortly be big changes in Mexican gaming legislation.

Very soon we will doubtless see the legalisation of Casinos in Mexico, bringing incalculable benefits for gaming material manufacturers and associated industries.



LASER CONTROL SYSTEM



Display



Pc control



Terminals

- WINNING NUMBER
- WHEEL SPEED
- BALL SPEED
- DATABASE
- NO MORE BETS
- WHEEL ANALYSIS
- DIRECTION OF BALL
- DIRECTION OF CYLINDER

