

31/07/2020

China Cracks Down on Foreign Casinos Luring Chinese Gamblers



 Search  Menu

[News](#) > [Financial](#)

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Beijing seeks to extend corruption crackdown beyond its own shores as it looks to crack down on casinos marketing their services to Chinese citizens. (Image: wantchinatimes.com)

China is to launch a clampdown on foreign casinos targeting its citizens, its Ministry of Public Security announced this week.

As Macau reports its first year-on-year decline in profits since casino laws were liberalized in 2001, the semi-autonomous Chinese gambling hub is receiving increased competition from the casino industries of Manila in the Philippines and Vietnam's Ho Tram Strip, and it looks like the government in Beijing may be seeking to redress the balance.

"Some foreign countries see our nation as an enormous market, and we have investigated a series of cases," said Hua Jingfeng, a deputy bureau chief at the Ministry of Public Security. "A fair number of neighboring countries have casinos, and they have set up offices in China to attract and drum up interest from Chinese citizens to go abroad and gamble. This will also be an area that we will crack down on."

31/07/2020

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Illegal gambling remains a problem, he said, even though the government was “forcefully keeping it in check.”

Operation Foxhunt

Macau’s revenue has been hit by a separate government initiative, Operation Foxhunt, launched last June. This is an anti-corruption drive that seeks to bring crooked Communists Party officials to justice.

Corruption has become a huge bugbear for the Chinese government in recent years, and Beijing believes that much of Macau’s VIP industry comprises government officials who have grown fat on embezzled public money and kickbacks.

As a result, Beijing has imposed a financial crackdown on Macau, which has scared off the high rollers and strangled the junket industry, the middle men who organize trips for the high-rollers and ultimately account for 60 percent of Macau’s revenue.

“We will hunt them down and bring them to justice wherever they try to escape and hide,” vowed Liu Dong, the deputy director of Beijing’s Economic Crime Investigation Department last year.

High-roller Flee

As the high-rollers flee to the Philippines, Vietnam and Cambodia, the junket operators follow. Many of the biggest junket companies have recently shut down their operations in Macau and are moving to less restrictive climes.

And while Beijing cannot tolerate the junkets in Macau, this is even worse, as they draw the high-rollers away from Chinese territories.

“ While casinos and their junket operators are prohibited from advertising on the Chinese mainland, they bypass the issue by promoting the resorts where the casinos are located. Hua did not elaborate on the steps Beijing will take to combat foreign operators from targeting Chinese players, but it’s likely that there will be a concerted drive to stamp out these marketing efforts.

Hua added that Beijing is also seeking to crack down on the “small number” of corrupt police and government officials who are guilty of covering up and providing protection for illegal gambling operators.

31/07/2020

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Well, an unprecedented crackdown on corruption and money laundering happened. As Chinese President Xi Jinping embarked last month on a state visit Macau to celebrate the 15th anniversary of the former Portuguese enclave's return to Chinese rule, his Ministry of Public Security intensified its financial crackdown on the gambling hub.

This was part of an ongoing anti-corruption initiative that has scared off the high rollers and the junket businesses that once accounted for some 60 percent of Macau's revenue.

The junkets are operated by middlemen who organize trips for high rollers, many of whom are believed by Beijing to be corrupt Communist Party officials removing their ill-gotten gains from the mainland.

The problem of corruption within the Communist Party has reached staggering proportions recently; as a result, in June, the Chinese government launched Operation Foxhunt, an international manhunt that aims to track down errant crooked officials across the globe.

China To Combat Casino Marketing Machines

China will fight attempts by foreign casinos to lure its citizens abroad, a senior police official said on Friday, which could deal a blow to the gaming firms in [Macau](#) and Asian countries that rely on these punters for most of their revenue.

Chinese, among the world's most prolific gamblers, often travel to the Chinese territory of Macau, South Korea, the Philippines or Australia, as gambling is illegal in mainland China, except for heavily regulated state-sanctioned lotteries

He did not elaborate. Paradise Co, [Las Vegas Sands](#), Wynn Resorts, MGM Resorts, Galaxy Entertainment, SJM Holdings and Melco Crown are some of the operators that depend on Chinese gamblers.

Chinese President Xi Jinping's protracted crackdown on corruption and conspicuous spending has kept wealthy Chinese gamblers away from Macau, the world's biggest gambling hub, where gaming revenues last year fell for the first time since casinos were liberalised in 2001.

At the same time, casino operators around Asia have been aggressively courting Chinese gamblers, with many relying on Macau or mainland junkets to lure high rollers.

Casinos are not allowed to legally advertise in mainland China, but operators have skirted around the issue by promoting the resorts where the casinos are located.

Hua said the government was also seeking to crack down on a "small number" of police and government officials who are guilty of collusion in covering up gambling and providing an umbrella

31/07/2020

China Cracks Down on Foreign Casinos Luring Chinese Gamblers

of protection for it.

Last year hundreds of people were detained in the southern city of Dongguan, which lies close to Hong Kong, in a sweep against prostitution and gambling dens.

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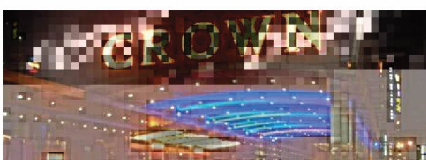
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