

5-6-1998

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Zedillo Government Considers Initiative to Legalize Casino Gambling

by LADB Staff

Category/Department: Mexico

Published: 1998-05-06

President Ernesto Zedillo's administration is planning to offer a new initiative to legalize casino gambling in Mexico. An earlier initiative, first proposed by former tourism secretary Silvia Hernandez in late 1996, was met with stiff opposition in the Chamber of Deputies. Legislators were concerned that casino gambling could create a series of problems for Mexico, such as an increase in government corruption, money laundering, drug trafficking, and prostitution (see SourceMex, 11/06/96 and 08/27/97).

In an effort to anticipate renewed opposition among legislators, the new initiative contains strict safeguards against money laundering and other illegal activities. The daily newspaper El Universal, which obtained a copy of the administration's plan, said the proposal was drafted with full input from the Secretaria de Gobernacion (SG), the Secretaria de Hacienda y Credito Publico (SHCP), the Secretaria de Turismo (SECTUR), and the Procuraduria General de la Republica (PGR). "These cabinet secretariats will form a regulatory commission to prevent and detect money-laundering cases, regulate the management of casinos, develop security measures, and determine penalties for infractions," said El Universal.

Casinos already proposed for Cancun, three other cities

The newspaper said the administration was hoping to push for the passage of the law sometime during 1998, so construction can proceed on casino projects proposed for the cities of Reynosa, Acapulco, Cancun, and Mexico City. The casino proposal was a major topic of discussion at Mexico's annual tourism industry trade meeting, the Tianguis Turistico, in Acapulco this year.

Juan Jose Garcia Lourdes, president of the Mexico City chapter of the Asociacion Mexicana de Hoteles y Moteles (AMHM), said a group of Japanese investors had formed a partnership with US-based Goldman Sachs to finance construction of the casino projects in the four cities. Garcia said some projects are ready to proceed in Cancun, where authorities are planning a casino-hotel complex, a casino boat, and a factory to produce slot machines and other items for use in casinos.

The administration's new casino proposal is expected to again meet resistance in the Chamber of Deputies. The first proposal was turned down when the governing Partido Revolucionario (PRI) was the majority party in the lower house. In contrast, the new proposal will come before a legislature where a coalition of four opposition parties holds a majority status.

Still, tourism committee chairman Fernando Gonzalez Corona of the center-right Partido Accion Nacional (PAN) said he supported a partial legalization of casinos. Gonzalez said subcommittee would be created to study the administration's casino proposal and make recommendations to the full committee. (El Universal, 04/27/98, 04/28/98; Novedades, Excelsior, El Economista, 04/28/98)

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