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EU commissioner hits out at restrictions on gaming industry

Matthew Xuereb

The European Commissioner for Internal Market and Services, Charlie McCreevy, said yesterday that the European Commission is doing all it can to tackle the restrictions imposed on the online gaming industry in Malta by a number of EU member states.

The European Commission has initiated infringement proceedings against 10 European Union member states and it is possible that it would start similar proceedings against another five member states.

In an interview with The Times during his one-day visit to the island, Mr McCreevy said the European Commission was pleased that Malta made itself an attractive location for many elements of the gaming industry. The Commission had absolutely no problems with Malta. The Commission has problems with EU member states that are imposing restrictions on foreign gaming operators that set up shop in those same countries.

The European Court of Justice had described gaming as a service like any other and that the fundamental principles of the Rome Treaty - freedom of establishment and freedom of movement of services - applied to this industry as much as it applied to others.

"There have been several significant court cases in this regard, which laid down clear jurisprudence on how gambling must be treated. Member states are entitled to have restrictions regarding gaming within their territory for their own policy reasons but they cannot impose a discriminatory system by having one system for their local players and a different system or no system at all for other operators that want to function in that member state," Mr McCreevy said.

He shrugged off complaints that it was taking the Commission far too long to solve the issue.

"There is a clear procedure that one has to go through before finally taking the case to the European Court of Justice. We have started action against these countries and we are negotiating with some of them, which are making an effort to have their laws changed in order not to violate community rules. If we are not satisfied, then the case will proceed. With others, it is obvious that they do not want to make any changes or they are making very little effort and eventually their case will end up before the ECJ to hand down a definitive ruling," he explained.

Asked whether the Commission was doing enough in this regard, Mr McCreevy replied: "We cannot do more than we are doing. We are a body that deals with the complaints that we have. We investigate them and, if we find enough grounds, we proceed with infringement proceedings. That is the procedure and that is what we are doing in all these cases."

Some of the member states against which action has been taken, such as France, Germany and Holland, have proposed a harmonised gambling regime but Mr McCreevy thinks that "there is no hope for this".

"In my view there is no hope of having a harmonised gambling regime throughout the European Union because you would start off with a proposal and by the time it goes through the Council of Ministers and the European Parliament it will be totally changed because you cannot possibly match the different kinds of approach to gambling in the different member states. So all I do is enforce the law and what has been decided by the ECJ: that gambling is a service activity like any other service and normal treaty principles apply and countries that do not do that will have action taken against them," he said firmly.

Asked what the Commission was doing with regard to Italy, which is blocking a total of 681 sites of Malta-licensed operators, Mr McCreevy said the Italian authorities have made significant changes in their laws regarding gambling and "at this particular stage we are assessing whether these changes that have been implemented go far enough to satisfy us".

Why is this process proving so difficult? "Because we are a legal body and we do not operate by diktat. We cannot get up in the morning and feel badly about something and, with a flick of a finger, just change it. We have to go through a very detailed procedures and these are decisions that have to go through a democratic process."

The gaming industry in Malta directly contributed over €8 million (Lm3.43 million) in gaming tax and an estimated €15 million (Lm6.44 million) in VAT last year. These figures do not include corporate taxes and other contributions towards the national Gross Domestic Product.

On the financial services sector in Malta, which falls within his jurisdiction, Mr McCreevy said: "Malta has garnered a very special place in financial services which contributes to seven per cent of GDP. It is well-regulated, well-run and thriving



Charlie McCreevy: "We cannot get up in the morning and feel badly about something and, with a flick of a finger, just change it. We have to go through very detailed procedures". Photo: Jason Borg

and I see it thriving even more in the years to come".

Mr McCreevy yesterday called on President Eddie Fenech Adami and Prime Minister Lawrence Gonzi before meeting Finance Minister Tonio Fenech and the Lotteries and Gaming Authority. He also met MFSA officials.

Mr Fenech said both sides discussed the Services Directive, which liberalises various services throughout the European Union, spearheaded by Mr McCreevy, saying this was very important for Malta. Mr Fenech said the government was looking at legislation to ensure that it falls within the remit of this directive.

Regarding the problems facing the online gaming industry, Mr Fenech said some EU member states raised moral issues but he described this as more of a "protectionist approach to allow monopolies and to limit competition".

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