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Parliament: Gambling not a commodity like others

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MEPs yesterday (10 March) overwhelmingly rejected the idea of creating an EU single market for online gambling, backing member states' right to decide on market liberalisation.

Background:

Gambling activities have traditionally been strictly regulated at national level to protect consumers against addiction, fraud, money-laundering and fixed games.

After gambling activities were excluded from the EU's Services Directive, there have been a growing number of complaints from sports betting service providers regarding access to national markets.

The European Parliament adopted a non-binding [Resolution](#) on the integrity of online gambling at its Strasbourg plenary, with 544 in favour, 36 against and 66 abstentions.

In doing so, the House rejected an alternative minority opinion report (570 against, 74 for) drafted by a small number of MEPs, who argued that gambling is an economic activity to which internal market rules on freedom to provide services should apply. The alternative report, drafted in response to one adopted by the Parliament's internal market and consumer protection committee last month ([EurActiv 16/02/09](#)), also argued that the dangers of online gambling, such as addiction, are unproven.

The final resolution underlined that member states have the right to regulate their culture-specific gambling structures, which finance sports and other social activities. Furthermore, MEPs stressed that online gambling operators must comply with the gambling legislation of the member state in which they provide their services and in which the consumer resides.

Currently, most online gambling license holders are operating from tax havens like Malta and Gibraltar, and respect 'country of origin' rules regarding the provision of services.

MEPs asked the Council to seek a "potential political solution" to the problems of both online and traditional gambling and betting, set out joint measures to tackle match-fixing risks and develop standards for online gambling with regard to age limits and credit bans.

While a code of conduct on the sector could complement legislation, self-regulation alone is not enough for the gambling sector, stressed MEPs, calling on the Commission to carry out research into the risks of online gambling, take appropriate measures to combat illegal online gambling services and aggressive gambling advertising, and to come forward with proposals for an EU approach to regulating online gambling.

MEPs described bets made by private operators on sports events as a "form of commercial exploitation" and urged governments to protect sports competitions from "unauthorised commercial use" and ensure fair financial returns for the benefit of all levels of professional and amateur sport.

Positions:

Danish Social Democrat MEP Christel Schaldemose, who drafted the Parliament's report, welcomed the "all-party support" her report received and rejected centre-right claims that her proposals would hit private operators. "This is not about restricting the private sector or defending public monopolies," she said, but about "common sense action to protect vulnerable people".

Finnish EPP-ED MEP Eija-Riitta Korhola noted that the Parliament's vote is in line with the EU White Paper on Sports, which also states that gambling is by far the most important source of revenue for sports federations, in particular for grassroots sports.

She also underlined that the vote does not mean that gambling market should not be liberalised, but rather that this needs to be done "on member states' conditions". Some EU countries have already liberalised or are in a process of liberalising sports betting as well as other games, she continued.

The UK **Conservatives in the European Parliament** deplored that the report fails to reflect the situation in the UK, "where well-functioning and well-regulated markets already exist that allow consumers to play in a safe and secure online environment".

Some of the report's provisions (for example, calling for the introduction of a maximised amount a person can gamble per month) also run the risk of driving consumers away from well-regulated European websites to those outside the EU, which may not adequately protect consumers.

The **European State Lotteries and Toto Association** welcomed the Parliament's support for "responsible organisation of the gambling market in the member states," as "gambling is not a commodity like others and must be guided by states". **European Lotteries President Winfried Wortmann** underlined that state lotteries distribute around €20 billion ever year to good causes, €2 billion of which goes to sport.

"We [state licensed operators] are shattered that operators based in tax havens don't have to pay any taxes. They only give money to big football clubs and not to good causes of general interest," said president and CEO of the French national lottery (**Française des Jeux**), **Christophe Blanchard-Dignac**.

Last week, the **French government** presented a draft bill for "controlled opening" of the gambling market for the most popular games – sports betting and poker - in France. This opening would exclude games considered dangerous, like online casinos. **Blanchard-Dignac** explained that anyone willing to become a legal operator is able to get a licence for a very low price, provided that they commit to respecting strict regulation regarding taxation, money laundering and anti-addiction precautions.

The French bill suggests that taxation of sports bets should be set at 8.5%, compared to 0.5% in Gibraltar, 1.5% in the UK, 3% in Italy and the 14% currently applied to existing French gaming operators. 'Sport for all' will get 1% of the 8.5%.

Those not respecting French regulation and operating without a licence "will be condemned to silence" as they cannot advertise their services, and those who do it for them risk financial penalties and even prison.

"With today's vote, we have witnessed yet another clear manifestation of the political will supporting the fundamental principles of subsidiarity and the country of destination," said **Ron Goudsmit**, chairman of the **European Casino Association**. Welcoming the vote, he said it places "social and public order concerns over purely economic interests".

UK-licensed operator Betfair welcomed the support received by the minority opinion. "Betfair complies with extensive consumer protection requirements, which meet the standards of those in force in any EU member state," it stated, arguing that discrimination against non-monopoly operators is thus "unjustified and inconsistent with the principles of the internal market".

Regarding online gambling, **Nicolas Gibbon** of **Betfair** also argued that monopoly operators do not want to talk about setting industry-wide standards, as "they know that they would not all be able to match the standards already observed by EU-licensed remote gambling operators, especially those relating to under-age gambling".

Gibbon criticised the Parliament report for "buying the rhetoric used by the monopolies to keep reputable operators out" and for pretending that there is a qualitative difference between state-owned monopolies and state-licensed private operators.

Wes Himes, EU advisor to the **Remote Gambling Association**, said he would like "to get a clear statement from the Commission that it will be fulfilling its duty as guardian of the Treaties and take those countries which have infringed EU law to court". He also declared himself "shocked" that the remote gambling industry, "which is licensed and regulated by governments around Europe, should continue to be depicted as a haven for criminals. Not only is this insulting to our members, which comply with the same financial reporting rules as

any company and abide by additional licensing requirements, but it is also insulting to those member states which have chosen to open and regulate their markets, as they are considered to be second class jurisdictions".

Next steps:

- **2 Dec. 2008:** A French EU Presidency [report](#) on the legal framework and the policies adopted in EU member states on gambling and betting was [discussed](#) at the Competitiveness Council. The report identified a number of common challenges that make "new reflections at EU-level appropriate".
- **10 March 2009:** Parliament plenary vote on the integrity of online gambling.
- **By July 2009:** Czech EU Presidency may hold an expert meeting on gambling.
- **After June 2009:** Swedish EU Presidency may put gambling on its agenda.

Links

European Union

- European Parliament Committee on the Internal Market and Consumer Protection: [Resolution of 10 March on the integrity of online gambling](#) (10 March 2009) [FR] [DE]
- European Parliament news: [On-line gambling: It is up to Member States to stop match-fixing and fraud](#) (10 March 2009)
- European Parliament Policy Department Economic and Scientific Policy: [Online gambling, focusing on integrity and a code of conduct for gambling - briefing paper prepared for the European Parliament by Europe Economics Research Ltd](#) (October 2008)
- Commission: [Gambling](#) [FR] [DE]
- Council: [French EU Presidency Progress Report - Gambling and betting: legal framework and policies in the Member States of the](#) (27 November 2008)

Political Groups

- Group of the European People's Party (Christian Democrats) and European Democrats [Online Gambling: Social and public order aspects must be considered](#) (10 March 2009)
- Socialist Group in the European Parliament: [EU warning over explosion of on-line gambling](#) (10 March 2009)
- Conservatives in the European Parliament: [EU online gambling report: a missed opportunity](#) (10 March 2009)

Business & Industry

- European State Lotteries and Toto Association: [Online gambling: European Lotteries welcomes European Parliament call for a political solution founded on respect of national legislation and involvement of all the social stakeholders](#) (10 March 2009)