

# Online gambling in the internal market

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**PURPOSE:** the presentation of a Green Paper on on-line gambling in the internal market.

**BACKGROUND:** today, on-line gambling services are widely offered and used in the EU and the economic significance of the sector is growing. The **on-line offer is the fastest growing segment** of the gambling market, accounting for 7.5% of the annual revenues of the overall gambling market in 2008, and it is expected to double in size by 2013.

At the same time, the regulatory framework applicable to gambling differs significantly across Member States. In view of recent trends, restrictions imposed to online gambling by each Member State can be expected to continue to vary considerably, with the effect that what is, or will become, considered a legal offer in one Member State will continue to be deemed “unlawful” (in that it has not been implicitly or explicitly authorised) in the territory of another Member State.

Since July 2008, Member States have, within a Council Working Party on Establishment and Services, discussed matters of common interest in relation to the gambling sector. Consecutive Presidencies have asked for the European Commission's active participation and detailed consultations. Most recently, all Member States agreed on Council conclusions that welcome a broad consultation by the European Commission on online gambling in the internal market which will allow for an in-depth discussion on issues raised by on-line gambling services in particular. These [conclusions](#) (2010) also addressed cooperation between regulatory authorities and noted that the Internal Market Information system could become a useful tool in order to facilitate this administrative cooperation.

This Green Paper also responds to the [resolution of the European Parliament](#) (2009) that called on the Commission to study the economic and non-economic effects of the provision of cross-border gambling services in relation to a wide range of issues.

**The Commission's objective is to contribute to the emergence in the Member States of a legal framework for on-line gambling providing for greater legal certainty for all stakeholders.** At the end of this process and in light of the responses received, the Commission will report on what appears to be the most appropriate follow-up.

**CONTENT:** the purpose of this Green paper is to launch an extensive public consultation on all relevant public policy challenges and possible Internal Market issues resulting from the rapid development of both licit and unauthorised on-line gambling offers directed at citizens located in the EU.

There are currently two models of national regulatory framework applied in the field of gambling:

1. based on licensed operators providing services within a strictly regulated framework and
2. the other on a strictly controlled monopoly (state owned or otherwise).

These two models co-existed within the internal market given the relatively limited possibilities of selling gambling services across borders in the past.

The online gambling market is the fastest growing segment of the overall gambling market, with annual revenues in excess of € 6.16bn in 2008. Thus monopolies have often been authorised to develop on-line activities and certain Member States with monopoly regimes have gradually opted for an opening of their

on-line gambling and betting market. **In summary, the development of internet and the increased supply of on-line gambling services have made it more difficult for the different national regulatory models to co-exist.**

Enforcement of national rules is facing many challenges, raising the issue of a possible need for **enhanced administrative co-operation between competent national authorities, or for other types of action.**

Furthermore, out of 14,823 active gambling sites in Europe more than 85% operated without any licence. In view of the self-evident cross-border impact of this on-line gambling service growth in both its legal and unauthorised dimension, as well as of its nexus with many issues already dealt with by EU legislation, it is **the Commission's intention to exhaust a number of questions related to the effects of, and to the possible public policy responses** to, this growth in on-line gambling activity in order to have a full picture of the existing situation, to facilitate the exchange of best practices between Member States and to determine if the differing national regulatory models for gambling can continue to coexist and whether specific action may be needed in the EU for that purpose.

The Commission's fundamental purpose is to:

- collect the facts,
- assess the stakes and to
- gather the views of all interested stakeholders on a phenomenon that has multiple dimensions.

Comments are invited on all or some aspects of the document. Specific questions are listed after each section.

Main issues dealt with by the Green Paper: among the key themes raised are the following:

- the definition and organisation of on-line gambling services;
- related services performed and/or used by on-line gambling services providers (questions relating to the promotion of on-line gambling and its regulation: television advertising, written press, on-line marketing, direct marketing, including SMSs, sponsorship);
- public interest objectives: consumer protection, problem gambling, protection of minors and vulnerable groups;
- prevention of fraud and money laundering;
- means of payment and security of on-line systems;
- cooperation between regulatory authorities.

The consultation and the questions asked focus primarily on on-line gambling, and issues linked to the free movement of services (Article 56 TFEU), due to the well-developed cross-border supply of such services. However, although this consultation does not focus on the freedom of establishment (Article 49 TFEU) a number of questions may also be of direct relevance for other gambling services (offered in "bricks-and-mortar" establishments). The Commission stresses that, in the absence of harmonisation in the field, it is for each Member State to determine in those areas, in accordance with its own scale of values, what is required in order to ensure that the interests in question are protected, in line with the subsidiarity principle.

Member States, the European Parliament, the European Economic and Social Committee and all other interested parties are invited to submit their views on the suggestions set out in this Green Paper.

Contributions should reach the Commission by **31 July 2011**: [markt-gambling@ec.europa.eu](mailto:markt-gambling@ec.europa.eu)

**Follow-up:** contributions will be published on the internet. The Commission asks organisations who wish to submit comments in the context of public consultations to provide the Commission and the public at large with information about whom and what they represent. The Commission intends to organise

consultations of national authorities and targeted stakeholder meetings and expert workshops. In follow-up to this Green Paper and on the basis of the conclusions drawn from the results of this consultation, the Commission will consider the next steps to be taken.