

# Europe Versus the U.S.

*American internet gambling ban raises awareness across the pond*  
by **Mark Balestra**

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The European Commission means business when it comes to leveling the global playing field for gambling businesses. Brussels wants a fair, open market that encourages healthy competition, and no obstacles will escape the commission's path of aggression. The loudest shots were fired in March in the direction of the United States, whose restrictive policy on internet gambling, the E.C. argues, violates international trade rules. The E.C. is investigating these policies and scrutinizing the United States' unilateral removal of gambling services from WTO commitments.

While the European Union/U.S. clash is—and will continue to be—a real eye-opener, the battle on the home front could be about to turn white hot. The E.C. drew lines in the sands of seven E.U. member states in 2006 with the commencement of infringement proceedings into whether the states' domestic policies protecting gambling monopolies violate the terms of the European Treaty, which opens up the internal markets of all member states to competition from all other member states.

Two years later, the individual battles are transitioning from the reason-opinion stage (in which the two sides either come to terms or go to court) to the final stage—a showdown in the European Court of Justice—and it looks as though some of the member states are showing signs of capitulation.

But for those holding out hope for an open European market, the states that appear to be considering commercialization are sending mixed signals at best. Here's a synopsis of recent activity in five of these states.

## **France—A controlled opening?**

France may finally be on the verge of turning a corner. Following a June 4 meeting with Charlie McCreevy, the European internal market and services commissioner, French Budget Minister Eric Woerth said France's government has agreed to a "controlled opening" of its online gaming market. The country will tentatively begin licensing online betting and gaming operators in fall 2009.

Three weeks later the French National Crime Commission released a report calling for the creation of a new betting and gaming regulator authorized to conduct software and systems audits of remote gambling operators.

## **Sweden—Backing off a bit**

Changes in the leadership of Sweden's gambling monopoly, Svenska Spel, suggest that the government might want to reverse what seemed to be a promising trend toward opening the market. Jesper Kärrbrink stepped down in April as chief executive, stating that his philosophies

on how the state-run company should be operated “don’t agree with the image held by the owner.” The commercial-minded Kärnbrink has been replaced by former Swedish Deputy Prime Minister Margareta Winberg, who is perceived to favor monopoly preservation.

The changeover was preceded in January by new European Commission infringement proceedings specifically into Svenska Spel’s poker operations. In June, the government denied Svenska Spel permission to create an international poker network with other state-controlled gaming operators.

Meanwhile, Swedish online operator Betsson opened a terrestrial betting shop in Stockholm on May 30. The Gambling Board threatened to fine Betsson, and Betsson responded by reporting the board to the Ombudsmen of Justice. Now, the government could be forced to enact new legislation to better define the boundaries of commercialism.

### **Italy—Commercialism... to a degree**

The Italian government in early 2006 stood out as a leading advocate for the member states’ gambling monopolies when it issued blacklists of foreign internet gambling operators, but it has more recently shown signs of embracing competition—at least to a degree.

In December 2006, the government divvied up thousands of new betting licenses to five commercial ventures. In November 2007, the country’s regulatory authority, the Autonomia dei Monopoli de Stato (AAMS), approved a law legalizing online games of skill—including some variants of poker—in an effort to cut the country’s growing deficit. And, in February 2008, the government announced that it will tender 329 horse betting concessions to the public by the end of the year.

Despite these developments, however, few commercial entities are finding the market penetrable.

### **The Netherlands—Still fighting**

Dutch authorities don’t seem to be wavering in the face of an imminent showdown with the E.C. Tjeerd Veenstra, director of Dutch state-owned gambling monopoly De Lotto, remains Europe’s loudest voice in favor of preserving the restricted markets, and continues to call for solidarity among the investigated member states in their efforts to protect their laws.

The company has eagerly taken on any and all commercial operators seeking a piece of the Dutch market, and its most publicized legal battle made headlines again in June when the Dutch Supreme Court upheld a 2005 ruling prohibiting Ladbrokes from taking bets in the Netherlands. The case has been referred to the European Court of Justice in Luxembourg.

### **Denmark—Considering change**

The Danish government is feeling the pressure from the E.C. amid the reason-opinion stage of the E.C. infringement proceeding pertaining to the country’s sports betting legislation. Tax Minister Kristian Jensen stated on Danish National Radio in April that he was considering breaking the country’s sports betting monopoly.

Like the Netherlands, Denmark is also engaged in a legal battle against Ladbrokes, which has challenged the Danish Gaming Act. The high court ruled against Ladbrokes in November 2006, and the case is now in the hands of the Supreme Court.

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