

WHEN WILL GAMING BE HARMONISED IN EUROPE?

The progress of any economic sector in any country in the world depends on a series of factors in addition to the industrial activity itself, factors which are beyond the control of the entrepreneurs. One of the most important factors concerns the legislation that governs Casino activities. At European level, the situation is very different from one country to the next and there is a clear lack, at least in EU countries, of legislative homogeneity that would allow operators to carry out their activity with less bureaucracy and more efficiency. All attempts at this so far have failed.



One of the countries in which most of the legislative changes are occurring at the moment is the UK. A new regulation came into force in September, giving a new role to the local authorities that will inspect gaming establishments. All gaming operators in the UK will be required to comply with a strict series of conditions before being granted a licence by the new controlling agency.

However, the big change is that Casinos may now advertise their services on television and radio for the first time in the country. According to the British government, this new Gaming Act aims to regulate the sector more strictly, in order to protect minors and vulnerable population groups, although its critics claim that it will increase opportunities for gambling and normalise an addictive activity. This new regulation comes into force two months after plans for a Supercasino in Manchester were put on the long finger, although plans for 16 smaller Casinos are going ahead.

On 19 September last, the British Gaming Commission published an important study on games of chance in the UK. The report goes over the different kinds of bets available in the country, from land-based Casinos to online Casinos and the National Lottery, while also discussing problem gambling. This White Paper will be used as a basis for future government legislation and policy on gaming.

Another country where the gaming industry has been most affected by legislative changes is Russia, where late last December the parliament adapted a draft law which will limit gaming in 4 regions of the country as from July 2009.

As a consequence of this decision, up to 500,000 workers could lose their jobs.

In June, the Governor of St Petersburg, Valentina Matviyenko, signed a decree to abolish gaming businesses from the city, taking effect as from 1 January 2008. Valentina Matviyenko, suggested that the installations be used for retail premises, banks and other services, and that employees be retrained. In this regard, Ritzio Entertainment Group, the biggest gaming operator in the country, began talks in July with Moscow retail food firm Dixy Group, with a view to turning its St Petersburg gaming clubs into supermarkets.

Late last March, the European Commission required Denmark, Finland and Hungary to remove from their national legislations obstacles against the free offering of sports betting services, considering that the restrictions were not compatible with Community Law and could not be considered "necessary, suitable and non-discriminatory".

According to EC Court of Justice jurisprudence, restrictions based on general interest purposes such as the protection of consumers, must be "coherent and systematic" in the way they limit gaming activities. A member State may not invoke the need to limit its citizens' access to betting while at the same time encouraging them to participate in national lotteries or other games of chance or wagers that benefit state coffers.

In some European countries, gaming legislation is obsolete and not very well adapted to the reality of gaming in the 21st century. This is the case of Italy, where the authorities continue to knock back attempts to increase the number of Casinos, nowadays totally insufficient for the population of the country.

There are also big differences between the Nordic counties. In Norway, the European Free Trade Association (EFTA) recently declared that the Norwegian government may set up a state-controlled monopoly on slots. The court supported the country's position and maintains that the gaming monopoly does not breach the European Economic Space agreement.

The Norwegian government has granted the exclusive rights operate slots to Norsk Tipping, a state-owned company.

The Culture Ministry, Valgerd Svarstad Haugland, proposed state control over the slots industry to fight against gaming addiction. The law was approved in 2003 but did not come into force because the EFTA Surveillance Authority (ESA) said that there was a breach of EES regulations with regard to free competition.

Another European Commission warning went to France and Sweden, who were both given a term of two months to do away with limits on sports betting services. The French government rejected the European Commission's final warning, under which it had to abolish discriminatory betting laws and promise to defend its position before the Supreme Court of the European Union.

The French Finance Minister declared that "current restrictions on gaming and betting operations comply with the conditions raised by the European Court of Justice".

Likewise, the European Commission has ordered the French government to modify its white paper on online gaming, to allow foreign gaming companies to operate in France. Otherwise, legal action will be brought.

French trade unions are up in arms against a forthcoming decree which will allow traditional table games to be automated, with the loss of many jobs.

In Sweden the situation is fairly stable, and no changes to the legislation are planned for the short or medium term. A similar situation obtains in Finland.

The situation in Spain is quite surreal, as each region has been devolved competence in gaming matters, while the State plays a totally residual role.

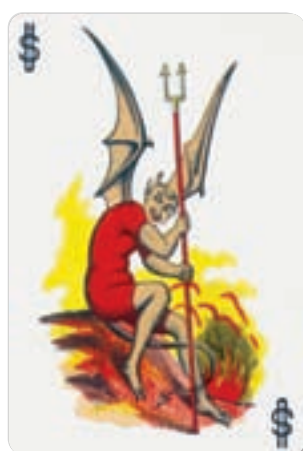
Accordingly, manufacturers wishing to install their slots in Casinos in the different autonomous regions, have to seek authorisation in each one, with the corresponding economic consequences. Claims being raised for years in favour of a single legislation for the entire country are falling on deaf ears.

The Portuguese government has presented a proposal for the approval of the Parliament in order to combat money laundering and terrorism. If approved, Casinos will be required to identify visitors to their establishments and all those who buy or exchange chips for values of EUR 2,000 or greater.

84% of gaming revenue in the country comes from slots. On an aside, underground gambling is calculated to move over EUR 50 million each year.

In Germany, the European Commission has offered the German states a compromise under which they are allowed to maintain their monopolies on lotteries and Casinos if they open the sports betting market to private firms.

The 16 federated German states have said that they plan to declare Internet betting illegal, although no white paper has yet been drafted.



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