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ALTERNATIVE MOTION FOR RESOLUTION

on the integrity of online gambling
(2008/2215(INI))

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on the integrity of online gambling (2008/2215(INI))

The European Parliament,

- having regard to Rule 151 of its Rules of Procedure,
- having regard to Article 49 of the EC Treaty,
- having regard to the case-law developed by the Court of Justice of the European Communities¹,
- having regard to Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market²,
- having regard to Directive 2007/65/EC of the European Parliament and of the Council of 11 December 2007 amending Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities³ (Directive on audiovisual media services),
- having regard to Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce)⁴,
- having regard to Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing⁵,
- having regard to *INFRINGEMENT CASES*
- having regard to the Oral Question by the Committee on the Internal Market and Consumer Protection to the Commission of 16 October 2006 on gambling and sports betting in the Internal Market⁶ and to the following debate in the Committee on the Internal Market and Consumer Protection on 14 November 2006, and to the answer given by the Member of the Commission,
- having regard to the briefing paper on Online gambling, focusing on integrity and a code

¹ Schindler 1994 (C-275/92), Läära 1999 (C-124/97), Zenatti 1999 (C-67/98), Anomar 2003 (C-6/01), Gambelli 2003 (C-243/01), Lindman 2003 (C-42/02), Placanica 2007 (C-338/04), Unibet 2007 (C- 432/05), UNIRE 2007 (C- 260/04).

² OJ L 376, 27.12.2006, p. 36.

³ OJ L 332, 18.12.2007, p. 27.

⁴ OJ L 178, 17.7.2000, p. 1.

⁵ OJ L 309, 25.11.2005, p. 15.

⁶ O-0118/2006.

of conduct for gambling dated November 2008, prepared for the European Parliament by Europe Economics Research Ltd,

- having regard to the study of Gambling Services in the Internal Market of the European Union dated 14 June 2006, prepared for the Commission by the Swiss Institute of Comparative Law (SICL),
- having regard to Rule 45 of its Rules of Procedure,
- having regard to the report of the Committee on the Internal Market and Consumer Protection (A6-0000/2008),

A. whereas, at present, online gambling, worth EUR 2 to 3 billion in gross gaming revenues in 2004, accounts for roughly 5% of the total gambling market in the EU, as noted by the above-mentioned study by SICL;

B. whereas gambling activities, including online gambling, are currently subject to different regulatory regimes in different Member States including, in a minority of Member States, prohibition;

C. whereas the provision of gambling services is an economic activity, which the European Commission have confirmed falls within EC Treaty principles, including those on the freedom of establishment and the freedom of services, apply to gambling;¹

D. Whereas the Commission has launched infringement procedures against ten Member States and is now formally challenging the compatibility of national measures limiting the cross-border supply of online gambling services with Community law in several Member States.

E. whereas the European Commission, as guardian of the Treaties, has an obligation to ensure that Member States' legislation is compatible with the Treaty;

F. whereas the European Court of Justice accepts restrictions of the freedom of establishment and the freedom to provide services, if those restrictions are both proportionate and non-discriminatory;

G. whereas integrity in the context of this resolution means a commitment to aiding prevention of criminal activity, and to ensuring the highest levels of corporate, financial and social responsibility;

H. whereas well functioning and regulated markets already exist in some Member States, that allow consumers to play in a safe and secure online environment;

I. whereas the independent study commissioned by the Internal Market Committee of the European Parliament found the following conclusions:

- the rate of problem gambling is broadly the same in both open market systems and state monopoly systems, from which it may be possible to conclude that the

¹ Oral answer by Commission to Question O-0118/2006

organisational structure and ownership of gambling does not bear decisively on problem gambling.;

- There is little evidence of fraud practised by EU-licensed gambling operators on consumers;
- A "Code of Conduct" for licensed gambling operators is at the present time the most appropriate tool to ensure the integrity of online operators.
- improving the availability and comprehensiveness of data about all gambling in the EU ought to be a high priority for EU policy-makers;

A transparent sector that safeguards the public and consumer interests

1. Highlights that all stakeholders have an interest in well monitored and well-regulated gambling market, in line with the principles of the Single Market; underlines that strict regulation and high integrity standards will be more effective than national prohibition for protecting consumers against addiction, fraud and other potential dangers;
2. Calls on the Commission to continue working for a solution in co-operation with the relevant stakeholders, including the gaming industry, calls for an open and honest debate within all EU institutions;
3. Calls on the Member States to cooperate closely in order to identify and solve any social problems arising from cross-border online gambling, calls on the EU institutions to cooperate closely with the Member States to protect consumers and prevent fraud;
4. Stresses that regulators and operators should closely cooperate with other stakeholders who operate in the field of online gambling, e.g. gambling operators, regulators, sports organisations, and industry associations, which share a joint responsibility for the integrity of online gambling and for informing consumers of the possible risks of online gambling;

Tackling fraud and other criminal behaviour

5. Notes that online gambling, as with any form of gambling, can create a potential for corrupt practises, but considers the internet presents many opportunities to ensure integrity and notes online gambling sites can provide better identification and tracing of fraudulent activity due to credit card identification:
6. Notes that the protection of the integrity of sports events and competitions requires cooperation between sports rights owners, online betting operators and public authorities at national as well as EU and international level;
7. Highlights the role of European Sports Securities Association (ESSA) which currently exists and works as an independent watchdog for sports betting online in the European Union;

Prevention of consumer detriment

7. Notes that the full impact on consumers of the specific forms of gambling services on offer online is not yet known and should be researched in a more detail;
8. Considers that online gambling creates a different potential for gambling addiction due to the easy accessibility of games but notes the safe regulatory framework that already exists in several Member States and the work already done by responsible European operators to improve standards and ensure consumer safety.
9. Draws attention to current effective methods for preventing under-age gambling online, including credit card verification, use of passwords and secure data, and additional internet security mechanisms such as "Verified by VISA";
10. Urges Member States to address the key risk factors which may increase the likelihood

of a user, especially vulnerable and underage, developing a gambling problem and to find the tools to target those factors, for example, ensuring that there is adequate funding for research into, and the prevention and treatment of, problems relating to online gambling. ;

10. Considers that the development of new technologies will pose new regulatory and social protection challenges but the unique nature of the internet makes it essential for effective and pragmatic regulation to be developed across the European Union.

11. Stresses that parents have a responsibility in preventing under-age gambling and gambling addiction by minors;

13. Notes that, as envisaged in the current review of the Universal Services Directive on electronic communications, Internet Service Providers also have a role in guaranteeing the integrity of online gambling sites, through facilitating the exchange of public service information between consumers and regulators and in alerting users of any potential problems and dangers,

14. Supports the continuous development of standards for online gambling operators regarding age limits, protection of vulnerable gamblers, information about the possible consequences of gambling, and information about where to obtain help in case of addiction,;

15. Considers that self-regulation regarding the advertising, promotion and provision of online games is not sufficiently effective, in certain Member States, and therefore emphasises the need for both regulation and cooperation between the industry and the authorities as an alternative regulatory route in those Member States;

16. Urges Member States, together with industry, to consider those existing regulatory models found within the EU that already address aggressive advertising directed at problem gamblers and vulnerable consumers such as children and young people,

Code of conduct

17. Notes that in the absence of secondary legislation on gambling at the EU level and given the divergence between Member State approaches to online gambling, a Code of Conduct would be a good first regulatory mechanism to ensure integrity in online gambling

18. Considers that a code of conduct, establishing stringent common standards with tough and effective penalties for non-compliance, would be a useful tool for achieving some public and private objectives in an online environment; notes also that a code of conduct, as opposed to legislation, can be adapted very quickly to meet technological developments changes in consumer preferences and changes in market structures

Monitoring and research

19. Welcomes the initiative of the Internal Market Committee to commission an independent study into the integrity of online gambling;

20. Calls on the Member States to document the extent and growth of their online gambling markets, as well as the challenges which arise from online gambling;

21. Calls on the Commission, Europol and the national authorities to collect and share information about the extent of fraud and other criminal behaviour

22. Calls on the Commission to study, in close cooperation with national governments, the economic and non-economic effects of the provision of cross-border gambling services in relation to integrity, social responsibility, consumer protection and matters relating to taxation;

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34. Instructs its President to forward this resolution to the Council and Commission