

German state lotto firms told to drop monopoly

Germany's state lottery operators must allow more competition from private companies after the Federal Cartel Office ruled that their behaviour infringed German and European Union laws.

The competition watchdog, based in Bonn, said the 16 state lottery operators could no longer wield an effective monopoly over the market by placing restrictions on the sale of tickets via commercial lottery agents at shops and petrol stations.

Lotteries, which generate about 8 billion euros (USD 10.25 billion) a year, are an important source of revenue for state governments.

Consumers can buy tickets at designated outlets such as newsagents and also over the Internet, telephone or by mail via private companies.

However, the state operators, represented by the DLTB or German Lotto and Toto Group, threatened to stop taking bets placed via commercial operators at retail outlets – a move the office said was forbidden as it constituted a boycott.

Horst Mentrup, head of the DLTB, said in a statement that the group had appealed against the ruling, arguing that making lottery tickets more widely available would only stoke gambling addiction among consumers.

„Our mandate is to fight addiction to gambling and to channel peoples' desire to gamble,“ Mentrup said.

According to Monday's ruling, which echoes a May warning issued by the office, the state lottery operators are required to accept lottery wagers from commercial lottery agents offering betting facilities in shops and petrol stations.

The state lottery companies are also no longer allowed to carve up the market along state boundaries, meaning that in future they will have to compete with one another for trade.

Mentrup rejected the points of the ruling.

Shares in listed lottery operator Fluxx surged over 38 percent as the Cartel Office's ruling was announced. Other German commercial lottery operators like Faber, Tipp24 and Jaxx, will also benefit from the decision as they can now offer lottery services in retail outlets.

Shares in Austrian online sports betting firm bwin Interactive Entertainment also climbed, but the cartel office said its decision had no bearing on similarly structured controls on sports betting by German state operators.

„My opinion is that sports betting firms cannot invoke our decision,“ Ulf Boege, head of the Cartel Office, told a news conference in Bonn.

The German state of Saxony recently banned Austria's bwin.com from taking sports bets in Germany, erasing a third of the company's stock market valuation.

The ruling on lottery operators was effective immediately, the office said. Once it has entered into force, a system of fines will apply.