

# Judgement by the EFTA Court lays down narrow limits for monopolies on slot machines

The EFTA Court announced its judgement in the case of the infringement proceedings against Norway on 14 March 2007. The court had to decide whether Norway's national legislation intended to introduce a monopoly for slot machines was in conformity with EFTA's internal market regulations. The EFTA Surveillance Authority instituted infringement proceedings against Norway, since such legislation was in contravention of the freedoms of establishment and services.

In its judgement the EFTA Court was to a large extent in line with the Gambelli and Placanica judgements of the European Court of Justice, which found that monopolies were fundamentally legitimate, though only subject to the proviso that such monopolies were consistently designed to reduce the opportunities for gaming. Although this judgement allows Norway to introduce a monopoly on slot machines, it has had to accept extensive limitations in this context with respect to distribution network, advertising and product design. For instance, Norway will have to reduce the number of slot machines by 30 per cent, from 15,600 to 10,000, a move that will result in a corresponding reduction in taxation revenues. The fact that it had serious misgivings about the addiction potential of slot machines was a significant factor behind the EFTA Court's reasoning. In this context, the court refers explicitly to a „special case“ in its press release.

In view of the court's reasoning it was to be assumed that a monopoly for other forms of gaming that were less problematical with respect to gaming addiction (e.g. sports betting) would no longer be considered proportionate. Furthermore, it would not be permissible to exclude private

providers from the sports betting market, for example, if the slot machine market with its high risk of addiction were accessible to private providers.

As long as national legislators are unable to agree on uniform pan-European regulations for the gaming market – national regulations will continue to be evaluated in the light of the freedoms of establishment and services anchored in the Treaty on European Union and the prohibition of discrimination. Any restrictions will be seen in the light of the requirements laid out in the Gambelli and Placanica judgements. *bwin* is convinced that monopolies and any other legislation limiting the basic freedoms are not a suitable means of achieving the supposed objectives of consumer protection and combating fraud. On the contrary, these objectives can be achieved by less severe measures, by means of pan-European regulations, for example.

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