

EU tells German states to rethink online gambling ban

Brussels (Reuters) – German regions have been told by the European Commission to rethink plans to ban online gambling or face possible legal action, an official at the EU's executive arm said on Friday.

It is the latest clash between Brussels and European Union countries over the betting industry, which is restricted to state-owned monopolies in some EU member countries.

EU Industry Commissioner Guenter Verheugen wrote to German regional state governments on Friday, giving them a month to change a draft treaty on the issue, the EU official said, confirming an earlier Reuters story.

„We asked Germany to reconsider the total ban on lottery and sports betting on the Internet. We think a proposed total ban is disproportionate and there are less restrictive measures, such as mandatory prior registration and strict guarantees on identification,“ the Commission official said.

Britain and Austria, two countries with online gaming industries, have challenged the ban.

Shares in Austrian online betting firm bwin erased sharp losses after the news Brussels would challenge the ban. Germany is the biggest market for bwin.

At 1233 GMT, bwin shares – which are often volatile – were up 0.27 percent at 36.50 euros (24.75 pounds), having fallen about 8 percent to 33.39 euros earlier.

„We feel Germany has not provided sufficient data that justified the total ban,“ the official said. „Germany has a month to reply. An infringement proceeding is one

possibility.“

The official said the draft treaty was inconsistent by banning online lotteries, sports betting and casino games, but allowing horse racing.

Constitutional Court

The spat stems from a complaint by a private operator to the German constitutional court, which ruled the operator was unable to exercise its right to freedom of profession due to the country's gambling monopoly.

The court gave Germany until the end of 2007 to resolve the situation, either by opening the market to full competition or maintaining a monopoly that does not promote itself with advertising.

The German states chose to continue with a monopoly and redrafted their gambling charter which seeks to stop gambling addiction.

The charter restricts the games of chance on offer and seeks to „steer the natural gaming urges of the population along well-ordered and supervised paths“.

Games of chance would be organised or arranged with permission of the federal state, the charter said.

„The organising and arranging of public games of chance on the Internet is prohibited,“ it added.

As the treaty impinged on other EU states by banning online gambling, the German states were obliged to notify the European Commission.