



13<sup>th</sup> October 2009

## **Failed bet for France: Opening of online gambling to competition ... only in appearance**

Paris, 13<sup>th</sup> October 2009 – The Remote Gambling Association today expressed its regret that the French Gambling Bill in its current form will fail to achieve any of its stated objectives. The proposed regulatory and taxation regime will be wholly unattractive and in most cases completely unviable for private sector online gambling companies. The RGA highlights that the key to the success of the opening of this market to competition, which is nominally the main aim of the ongoing reform, is the necessity for operators licensed in France to be able to compete in the international market. Furthermore, the indications are that more rather than less restrictions will be introduced to the Bill as it progresses and this will further bring into question whether the final Act will be compatible with EC law.

Since the start of the debate on the controlled opening of the French market, the RGA has supported the reform undertaken by the State to open to competition and to regulate the online gambling market so that French consumers have the option of using sites regulated by the French Government. Nevertheless, the RGA knows, due to its international experience and its representativeness, that a too restrictive and disproportionate framework, like the current one, would kill all the benefits of the opening.

The RGA consequently regrets the following provisions, which furthermore seem to be in breach of EC law and thus a source of appeals and legal conflicts.

1) **Severe restrictions on the products that can be offered:** the RGA regrets this partial liberalisation that limits the extent of the opening to certain online games and bets. The RGA underlines that what pushes the majority of consumers to make online bets is the value offered, and the range and quality of available products. The RGA challenges for this reason the Government's choice to ban, for not very persuasive reasons of "French tradition", fixed-odds betting on horseracing. It also notes that more amendments are being made, such as that to prohibit betting exchanges, to increase rather than decrease this trend.

2) **the tax regime applicable to future sports betting operators:** the basis for assessment (turnover tax), the particularly high tax rate as well as the introduction of a “betting right” in favour of organizers of sports competitions cannot lead to an economically viable system for future operators. This sports’ property right, in addition to creating a sort of second licence for operators who have already obtained an authorisation, will have a detrimental effect on less popular sports and will create a competitive advantage for competitions organised outside of the French territory.

3) **the setting of an average return rate for players between 80% and 85%:** the RGA considers that this limitation, set up in order to protect the historic monopolies, will have disastrous consequences on the attractiveness of authorized operators. It is essential to take into account that the RGA members offer at present a return rate for players of around 95%. This threshold will push consumers to operators without a licence in France that will offer more competitive payouts.

4) **the requirement to have an IT system in France:** the RGA considers this obligation to be disproportionate and wholly unjustified. This measure represents an important economic disadvantage for non-French operators, which will need to invest in new IT platforms in France. Furthermore, it is easy to make equivalent permanent controls, as it is currently the case in other European countries, through the access to the main equipment of existing operators in other States.

At the very moment of the debate and vote in the Assemblée nationale, the Chief Executive of the RGA, Clive HAWKSWOOD, wishes to remind parliamentarians that *“in its current form, the planned French legislation will simply not be viable for the vast majority of private sector operators and France will miss out on the opportunity to share in the growth and associated benefits of having its own thriving, regulated online gambling industry. It also runs the risk of further challenges at EU level because the level of restrictions are such that they could be considered unacceptable barriers to market entry.”*

The RGA members hope that the national representation will understand the need to implement balanced measures, especially from an economic point of view, aimed at creating the best conditions for all future responsible operators authorized by the French State.

#### Notes for editors

The RGA represents the world’s largest licensed, and stock market-listed remote gambling companies. It provides the industry with a single voice on all issues of importance to regulators, legislators, and key decision makers around the world.

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