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NOTE

from: Presidency
to Permanent Representatives Committee (Part 1) / Council
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Subject: Sport-related aspects of on-line betting
- *Policy debate*
(Public debate pursuant to Article 8(2) CRP [proposed by the Presidency])

Delegations will find attached a Presidency background note on the above subject to serve as the basis for a policy debate at the Education, Youth, Culture and Sport Council meeting on 19-20 May 2011.

**Presidency background note in preparation for the
Council meeting (Education, Youth, Culture and Sport) on 19-20 May 2011**

Sport-related aspects of on-line betting

1. Introduction

The topic of on-line betting concerning sport and sport-related gambling activities has become an actively discussed issue recently. A high level working meeting organised by the International Olympic Committee took place in Lausanne in early March and a Green Paper on on-line gambling in the Internal Market was adopted by the European Commission on 24 March 2011¹.

Following these recent developments, the Hungarian Presidency wishes to hold a policy debate during the May EYCS Council. The intention of the Hungarian Presidency is to focus the exchange of views on the various challenges raised by the rapid growth in on-line betting as it relates to sport, such as the sustainable funding of sport, financing of voluntary and public interest activities or the potential threat of on-line gambling to public order.

2. Sustainable funding of sport

Sport-related betting activities now represent 32 % of gambling services, as is pointed out in the Commission Green Paper. The main challenge in the context of the sustainable financing of sport is the question of a fair-return from these on-line betting activities.

¹ Doc. 8313/11.

Many gambling activities are sources of public goods' funding (arts, culture, sports, youth/educational programmes and charity related activities). There is a broad consensus that sport events, on which gambling relies, should receive a fair return from the associated gambling activity. This is particularly the case for horse-racing, which is a primary attraction for gamblers. The viability of horse racing depends to a great extent on sufficient proportions of gambling revenues being reinvested into the activity. In other sports certain state operators offering sports betting services on the professional game are obliged to channel revenues back into the grassroots level and thus help assist the public good of encouraging participation in sporting activities in general.

3. Irregular and Illegal Sport Betting

It has been estimated that the illegal betting industry is worth around 148 billion euros a year, with no return to sport whatsoever. Irregular and illegal betting is closely linked to issues of match fixing and money laundering. Consequently they pose a threat to sport and society.

Under national legal frameworks the rules applying to licensing, payments, public interest objectives and the fight against fraud vary significantly between Member States. In order to ensure legal certainty and the effective protection of EU citizens, it is important to evaluate how well differing models can co-exist within the Internal Market.

Given the importance and the urgency of the matter, the Hungarian Presidency would like to hold a policy debate so as to allow EU Sports Ministers to give their initial views.

Ministers are kindly invited to reply to the following questions:

- 1. What impact has the recent growth in on-line betting had on the sports sector in your country? What measures, if any, have been taken in this regard?*

- 2. What kind of policy response at EU and international level is needed?*
