

# EMHF

## European & Mediterranean Horseracing Federation

### **EMHF RESPONSE TO THE PUBLICATION OF THE EUROPEAN COMMISSION STRATEGY FOR THE SINGLE DIGITAL MARKET (DSM).**

The European and Mediterranean Horseracing Federation (EMHF) welcomes the publication of this strategy and its central theme of promoting innovation, growth and jobs. It also welcomes the paragraph in the staff working document, and comments by Commissioner Anslip prior to the DSM publication, concerning the unique nature of gambling in relation to the DSM, and the importance in this area of taking into account the different licensing models and gambling legislation already existing in member states.

While there are a number of different funding models in place for horseracing across Europe – all operate on the principle that horseracing must receive an appropriate financial return from betting operators. This was reaffirmed in the decision of the European Commission that a parafiscal levy on online betting activity on French horseracing is compatible with the EU Single Market. This ruling set an important precedent by endorsing the principle that horseracing jurisdictions should receive a “fair financial return” from all forms of betting, including online and mobile betting, and that “by spreading the burden of financing races equitably between the different operators, the measure allows fair competition between these operators in the newly liberalised market for online race-horse betting.”

While the reforms both in France, and in Ireland through the Betting (Amendment) Act 2015, are welcome, there remains a number of European countries where the existing legislation has failed to keep pace with the significant technological developments of recent decades. For example, in the UK, it is estimated that the horseracing sector loses over £25 million annually from the Horserace Betting Levy through off-shore based betting operators who do not contribute to the sport. This, of course, also creates an unlevel and unfair playing field for the licensed betting operators who do contribute.

It is important to note that such mechanisms are not a subsidy, but rather a critical income stream for the business model of an industry of significant financial importance to the European economy and unique among sports in its mutually-dependent relationship with the betting industry, with an annual economic impact of €6 billion per year and which directly employs 155,000 people. Where there has been no compulsory levy or mechanism for a fair return from betting to horseracing the consequences have been disastrous. For example, when this happened in Belgium in the 80's the whole industry collapsed, resulting in significant job losses and racecourse closures. It is therefore extremely important that the funding of

horseracing from online and mobile betting activity across Europe provides a fair return to these countries' racing industries.

Gambling and betting within the European Single Market has already been recognised as needing individual treatment, hence the launch of the European Commission's Green Paper in 2011 and subsequent actions. Therefore, while the EMHF welcome the underlying principles in the DSM strategy to encourage market and job growth, we continue to stress the need to take into account the unique nature and complexity of the European horseracing and gambling sector.

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