

Input to the public consultation on the Green Paper on on-line gambling in the Internal Market

Dear Sir or Madam,

As a Swedish economist with an interest in gambling markets I would like to contribute to the public consultation on the Green Paper on on-line gambling in the Internal Market. I have written a policy paper in which I take an economic perspective on the Swedish on-line gambling industry. Swedish companies such as Betsson, Boss Media, Entraction, Net Entertainment, Ogame and Unibet demonstrate that the Swedish on-line gambling industry is highly competitive in a large, digital and global market.

If we add up the commercial, governmental, and non-profit actors, the Swedish gaming industry has 4,500 employees, 1,900 of whom are in commercial companies and 3,400 in Sweden. The industry consists, to a large extent, of skilled jobs requiring higher education in business or information and communications technology. Its core activities include reliable e-commerce solutions, interactive online services, and product development on the Internet.

To provide information on the size, growth and other economic characteristics of the on-line gambling industry is especially important since an economic industry perspective is largely missing in the Green Paper and in the accompanying Commission Staff Working Paper. The digital nature of the on-line gambling industry makes it quite interesting in light of the EU Commission's growth strategy Europe 2020 which, inter alia, includes the so-called flagship initiatives Digital Agenda for Europe and the Innovation Union. When it comes to the on-line questionnaire, my policy paper specifically addresses questions 2 and 3, but it also contains a number of general points.

As a short background, I am an associate professor of economics working as the Program Director of the Research Program on the Service Sector at the Research Institute of Industrial Economics in Stockholm. My own research is empirically oriented with a focus on the intersection of private markets and the public sector. The policy paper was commissioned by Rent Spel, an association of some of the stakeholders in the Swedish gaming industry.

I attach my policy paper in English and in Swedish. The English title is "Sweden's Digital Growth Industry: New Perspectives on the Need for a Re-regulated Gaming Market" and the Swedish title is "Sveriges digitala tillväxtbransch: Nya perspektiv på behovet av en omreglerad spelmarknad". I hope you will find the paper useful!

I also attach a table that lists the largest acquisitions of Swedish on-line gaming companies. The recent €80 Million bid for Entraction was announced after my policy paper was written. The price tags sum to €1 Billion and all of the acquired companies are continuing their operations in Sweden. In addition to my comments on acquisitions on page 12 in the (English) policy paper, I would like to make the remark that contrary to many other technology sectors, the companies have (with one exception) not been acquired by US companies; they remain European.

Yours sincerely,

Henrik Jordahl