

EU and U.S. Agree on Compensation in WTO for Loss of Trade Opportunities in U.S. Gambling Sector

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The European Union and United States agreed on a compensation package to be offered by the U.S. in response to its withdrawal in WTO of GATS commitments on gambling and betting services, including on-line gambling.

A bilateral agreement was signed in Geneva, which provides EU service suppliers with new trade opportunities in the U.S. postal and courier, research and development, storage and warehouse sectors. The U.S. also made concessions in the testing and analysis services sector. The European Union will continue to press for non discriminatory treatment in U.S. internet gambling legislation.

The bilateral agreement follows negotiations initiated by the U.S. on May 8, 2007, when the U.S. announced its intention to withdraw its WTO commitments on gambling and betting services under the General Agreement on Trade in Services (GATS). The GATS allows members to modify or withdraw commitments, provided that they negotiate offsetting compensation so that the overall level of its market access remains the same. The EU sought compensation to make up for the loss of trading opportunities in the U.S. gambling sector, including the U.S. internet gambling market.

Upon certification of the agreement by the WTO, gambling services will no longer be covered by the U.S.' WTO commitments. The European Commission however will seek a non-discriminatory policy towards internet gambling in the U.S. "While the U.S. is free to decide how to best respond to legitimate public policy concerns relating to internet gambling, discrimination against EU or other foreign companies should be avoided," said Peter Power, EU Spokesman for Trade. EU Commissioner for Trade Peter Mandelson pressed the European Commission's concerns recently in a meeting with Congressman Barney Frank, and subsequently in a letter to him.

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