

## EU Opens Investigation Into US Internet Gambling Laws

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The European Commission has today decided to launch an investigation into United States measures affecting foreign suppliers of Internet gambling services, within the framework of its Trade Barriers Regulation (TBR).

The decision follows a complaint lodged by the Remote Gambling Association (RGA) in December 2007. European industry claims that the US should not be allowed to enforce its gambling laws selectively against foreign suppliers, with respect to services offered at a time when the US had WTO commitments permitting online gambling. The Commission will now examine whether these actions are in breach of international trade rules and discuss the matter with the United States.

EU Trade Commissioner Peter Mandelson said: "The US has the right to address legitimate public policy concerns relating to internet gambling, but discrimination against EU companies cannot be part of the policy mix. We are interested in a constructive and mutually satisfactory solution to this issue."

The challenge made by the RGA concerns the fact that laws and regulations that ban the supply of Internet gambling into the United States market were already in place at a time when the US had WTO commitments allowing such services. They also claim that the US is now selectively enforcing these laws against foreign suppliers, for online gambling services which they offered in the past. Industry therefore argues that the United States measures violate Articles XVI (market access) and XVII (national treatment) of the GATS (General Agreement on Trade in Services). All EU suppliers of remote gambling services have now withdrawn from the US market further to the adoption of the Unlawful Internet Gambling Enforcement Act (UIGEA) in 2006.

The United States Department of Justice is currently investigating the activities of EU companies that took place prior to the ongoing withdrawal of US GATS commitments on gambling. The lack of clarity of the relevant US domestic legislation, together with the existence of United States WTO commitments on gambling and betting services, and the presence of US suppliers on the market, had led foreign companies to also offer their services in the US. The RGA argues that the US should not prosecute foreign nationals or companies for those activities that took place prior to the withdrawal of WTO commitments by the US.

The Commission will now engage in a detailed examination of the factual and legal issues raised by industry within five to seven months, as well as seek dialogue with interested parties and the relevant authorities. The Commission will present its findings in an investigation report which could lead to the launch of WTO proceedings should this be warranted.

The complaint and investigation are separate from the compensation package the EU and US agreed upon in December 2007, following the loss of trade opportunities in the US gambling sector as a result of the US intention to withdraw its GATS commitments on gambling.

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