Internet Gambling: United States continues ban despite WTO Ruling

Contributed by Thomas Jensen
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The Antigua & Barbuda government has expressed “disappointment” over a U.S. announcement on Friday that they will continue to ban internet gambling.

The United States Trade Representative's office announced that despite a ruling by the World Trade Organization they would retain the ban and clarify their position that it never intended to allow internet gambling services as part of market-opening commitments it made when it signed the GATS Treaty in 1994. Deputy U.S. Trade Representative John K. Veroneau said that because federal and state laws have prevented domestic companies from profiting off of interstate gambling for decades “it would be nonsensical for the U.S. to make a commitment to open up interstate gambling for foreign providers.”

At the time the United States signed the GATS Treaty, they were the largest source of remote gaming. Like a big baby that does not get their way, the United States is now saying they did not want to include it. Can other countries just walk away from their agreements/commitments with the WTO if they do not work out as they thought?

The WTO GATS Treaty is nothing more than agreements between counties that are contracts under international law. What the US is doing is basically welching on a deal after the fact and using the excuse that the original negotiators were not smart enough to put the right contract in place. Can you imagine standing up in court in the US and using this excuse for not paying your cable bill even as you use the service? This is essentially what the United States is trying to do now.

In contract law it is irrelevant what you meant to do. If you or I entered into an agreement, we would have to stick to it if it went to court. Not understanding the future implications of the agreement (which is what is really happening) would not be an excuse for breaking the deal.

A statement from Antigua & Barbuda had this to say about the current direction of the United States, “In the history of the WTO, no country has ever used the process being invoked today by the United States to raise additional barriers to free global trade in response to a lost trade dispute,” said a government statement.

Antigua's Minister for Finance and the Economy, Dr L. Errol Cort, added, “It is almost incomprehensible that the United States would take such an action in the face of an adverse dispute resolution ruling. This is going to have very severe consequences for the global free trade movement.”

Under the WTO rules pertaining to withdrawn commitments, the United States now faces claims from all other WTO members for compensation as a result of the action. This may result in a lengthy process of negotiation and possibly arbitration to determine damages to all affected World Trade Organization members before the United States will be allowed to actually change its commitment.

Cort added, “We are now reviewing our options and will be proceeding to use the WTO institutions to get full compensation for our citizens in the event the United States actually pursues this most regrettable action.”

But he insisted, “We would strongly urge the United States to reconsider its decision.”