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Congressman Calls for U.S. Trade Representative to Provide Details of WTO Internet Gambling Settlement

DeFazio questions USTR settlement of trade dispute absent Congressional mandate

(Washington, D.C. – March 12, 2008) Congressman Peter DeFazio (D-OR) has requested the U.S. Trade Representative (USTR) disclose trade concessions made to foreign trading partners without Congressional approval. DeFazio's inquiry raises the possibility of Congressional intervention to void new market access commitments granted by USTR to the European Union and other complainants as compensation for a United States trade violation regarding Internet gambling.

In a letter circulated to all members of Congress last week, DeFazio encouraged his colleagues to join him in calling for the USTR to provide a copy of the concession agreement between the United States and the European Union. The USTR had recently rejected a Freedom of Information Act request for the same document, claiming the agreement was classified for national security reasons. "There is a concern that the USTR may have been ambitious in its use of a 'national security' classification to avoid any publicity of which new business sectors are to be subject to the GATS (General Agreement on Trade in Services) treaty," said DeFazio's March 6 letter.

"The issue will be whether the USTR abused its authority by granting new market access to the EU without first securing the consent of the trade committees in Congress," said Nao Matsukata, formerly Director of Policy Planning for USTR Robert Zoellick and now a Senior Advisor for Alston & Bird, LLP. "Ultimately, this could invalidate the deal with the EU and cause various WTO Members to revisit the issue of fair compensation from the United States."

Congressman DeFazio's request is an indication that the Administration's unilateral action to attempt to resolve the WTO Internet gambling dispute is in jeopardy. "Congress should have been consulted before the US agreed to these trade concessions," said Jeffrey Sandman, spokesperson for the Safe and Secure Internet Gambling Initiative. "We hope that Mr. DeFazio's colleagues will join him in demanding more transparency, communication, and consultation from the Administration on Internet gambling. A non-discriminatory market for Internet gambling in the United States will restore integrity to the international trading system."

The DeFazio request comes following a contentious trade dispute over Internet gambling, in which the Caribbean nation of Antigua successfully challenged the

regulation of Internet gambling in the United States. The European Union announced earlier this week that it will open an investigation into a possible international trade violation by the US on this issue. The investigation is the result of a Trade Barriers Regulation complaint filed by the Remote Gambling Association (RGA), which represents the largest remote gambling companies in Europe. The RGA claims the US is in violation of international trade law by threatening and pursuing criminal prosecutions, forfeitures and other enforcement actions against foreign Internet gaming operators, while allowing domestic U.S. online gaming operators, primarily horse betting, to flourish.

Legislation introduced by Representative Barney Frank (D-MA), the Internet Gambling Regulation and Enforcement Act (H.R. 2046), would regulate Internet gambling and resolve the international trade dispute.

“Rather than paying out millions in trade concessions, which would have an adverse impact on the American economy, the US should embrace the legislative solution presented by the Frank bill, which brings the U.S. into compliance by regulating Internet gambling and creating a level playing field among domestic and foreign Internet gambling operators,” said Jeffrey Sandman, spokesperson of the Safe and Secure Internet Gambling Initiative.

A provision of the European Union’s Trade Barriers Regulation allows any EU company or association to complain against obstacles to trade in other countries, which the EU must then investigate. After the investigation, the EU could pursue discussions with the US to find an appropriate solution to end the discrimination. If the parties cannot settle the matter themselves, the EU could bring a case against the US to the WTO.

About Safe and Secure Internet Gambling Initiative

The Safe and Secure Internet Gambling Initiative promotes the freedom of individuals to gamble online with the proper safeguards to protect consumers and ensure the integrity of financial transactions. For more information on the Initiative, please visit www.safeandsecureig.org. The Web site provides a means by which individuals can register support for regulated Internet gambling with their elected representatives.

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