Antigua Takes Upper Gambling Hand Over U.S.

By Roy Mark

The tiny Caribbean island nation of Antigua has won its latest long-shot effort to force the U.S. to open its market to offshore gambling, according to a confidential report issued by the World Trade Organization (WTO).

A United States Trade Representative (USTR) official told internetnews.com that the report concludes the U.S. "has not taken the necessary steps" to resolve the long-running dispute between the U.S. and Antigua.

The USTR official stressed that the report is only an interim conclusion by the WTO and that the U.S. will have an opportunity to respond before the final report is issued in March. Even then, the USTR will have opportunities to appeal any decision unfavorable to the U.S.

The WTO allows countries to keep services, including gambling, off their list of free trade obligations to other WTO members as long the country bans those services at home.

Antigua contends the U.S. is not consistent in its application of laws banning Internet gambling since it permits interstate online horse racing gambling. The WTO agreed with Antigua in a report issued in 2005.

In that report, the WTO acknowledged
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Antigua, the smallest member of the WTO, said the apparent inconsistency serves as a basis for Americans to legally gamble through online, offshore gambling casinos based in Antigua. Ravaged by hurricanes over the last decade, Antigua is rebuilding its economy by offering a legally friendly haven for online gambling operations.

The dispute between Antigua and the U.S. began in 2000 when Congress changed the language in the Interstate Horseracing Act to accommodate national betting through simulcasts at tracks throughout the country.

As part of the change, Congress expanded the definition of an interstate off-track bet to include pari-mutuel wagers transmitted between states by way of telephone or other electronic media such as the Internet.

The new law prohibits U.S. banks, financial institutions and other third-party money exchange operations from processing payments to the estimated 2,300 offshore gambling sites located outside of U.S. jurisdiction.

The law, however, specifically exempts state-sanctioned online gambling on horse racing and lotteries. "We just need to clarify one narrow issue involving remote gambling on horse racing," Gretchen Hamel, a spokesperson for the USTR, said.

The U.S. would have to turn to Congress to fix the discrepancy in its laws. Last year, Congress attached the Unlawful Internet Gambling Enforcement Act of 2006 to a port authority bill and President Bush signed the measure into law.
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