

# \$100 Billion Fine For U.S. Gambling Ban

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## Fine Could Equal Online and Offline Gambling Combined

Since 2004, the United States has been entangled in an international trade dispute revolving around its policies towards online gambling. Rather than adhering to rulings by the World Trade Organization (WTO) on the matter, the US chose to retroactively change its trade agreements. As a result, the U.S. could be facing a fine of \$100 Billion for its act of banning online gambling; an amount that equals the country's online and offline gambling revenues combined.

The legal challenges to US policy on internet gambling began over three years ago, when the small Caribbean island of Antigua & Barbuda filed action against the United States with the WTO. The claim made by Antigua was simple. Antigua stated that it is a violation of trade agreements for the United States to outlaw internet wagering from Antigua, while at the same time allowing domestic internet wagering, such as horse racing, telephone lottery sales, and in some cases, online games of chance for tribal casinos.

The WTO quickly issued a ruling in favor of Antigua on the claim, which gave the US only two options; either allow Antigua to enter the online gambling market in the United States, or else shut down existing domestic wagering. The US did neither of these.

After losing a series of appeals on the matter, the U.S. ultimately opted to simply make a retroactive change to their trade agreements and to call the matter closed. To take things a step further, the Bush administration then passed a law that not only banned online gambling, but forced a ban on any financial transactions from the United States to online gambling companies.

At that point, the European Union and India stepped in to claim that the United States was acting in a reckless and illegal manner, and that they too demand compensation for loss of market suffered at the hands of the policy makers.

It now appears that the United States may have bitten off more than it can chew. A panel meeting in Brussels to discuss the illegal discriminatory trade restrictions that the United States placed on the European Union and others. The panel has concluded that the U.S. may be fined up to \$100 Billion for their actions, an amount that is equal to all gambling revenues in the United States.

The fine can be imposed because the Bush Administration not only failed to comply with WTO rulings, but also went so far as to create new policy in conflict of the rulings. The result is that each of the 151 member nations of the WTO may now seek compensation from the United States due to their withdrawal from earlier trade agreements. So far, the EU, India and five other nations have filed notice that they will seek compensation from the United States on the matter.

IT News quoted Nao Matsukata, former director of policy planning for the Office of the US Trade Representative as saying, "The US decision is a major threat to a rules-based international trading system."

"Part of what makes the US such a formidable opponent in international negotiations is its credibility. That credibility is now at stake for the US government not just in the trade area but in foreign relations generally," Matsukata continued.

The question many people are now asking is just how long the United States can get away with ignoring legal rulings and doing what they wish. Many have become angered by the nation's absolute defiance of these legal rulings, and wait with eager anticipation to see what move the U.S. will make if a \$100 Billion fine is ordered as restitution to the nations that have suffered as a result of the Government's position on internet gambling.