

# Gambling groups bid to up stakes in trade rift

Gambling groups are pressing the European Union to reject as inadequate an American compensation offer for losses suffered when the US closed its online betting market last year.

Brussels won an extra month to study the offer at the weekend. The US has agreed that talks can continue until October 22 after it filed its offer – made after a World Trade Organisation ruling – days before Saturday's deadline.

The WTO says Washington reneged on a commitment to open the market and should compensate the EU and the Caribbean nation of Antigua and Barbuda, where many internet gambling companies are based.

The Financial Times has learned that the US proposal, which has not been circulated to national capitals, involves opening opportunities in the storage, warehouse services and technical testing sectors to make up for the gaming restrictions.

This is not thought to equate to the estimated USD 4bn (GBP 2bn, EUR 2.8bn) a year that EU companies are losing, and the same concessions are also being offered as part of US moves under the Doha round of world trade talks. Though most online betting groups are based in the UK, Malta and Gibraltar, they employ 15,000 in front- and back-office work as far away as Sweden and Estonia.

A European Commission official confirmed the extension of talks. „We are examining the value of the offer,“ he said. It will be discussed at EU talks next week.“

Antigua, which has also asked for more time, could be even harder to please. It says it has lost USD 3.4bn a year in potential gambling exports to the US, while it exports only

USD 3m in other goods and services – suggesting the US will find it hard to grant enough access to other markets to compensate. Cash compensation would be one option. Mark Mendel, lead attorney for Antigua, told the FT: „We are open to all suggestions and will consider anything.“

But the US disputes the USD 3.4bn figure. In a WTO submission, it says USD 500,000 would be more realistic.

Antigua has said it could ignore US patents and other intellectual property rights if it is not compensated properly – a threat that has drawn protests from US service sector industries.

The US administration is caught between different domestic business interests, yet the unlikely figure of Barney Frank, the liberal Democratic congressman, could come to its rescue.

He wants to permit and regulate online gaming and suggests this could help settle the matter. Some in Congress also see a lucrative source of revenue since gaming groups would be taxed.

But the bill faces big hurdles, with powerful US sports leagues and conservative groups opposing it.