

# Antigua to seek sanctions against US

December 9 2012, by David Mcfadden

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(AP)—The tiny Caribbean nation of Antigua & Barbuda intends to pursue retaliatory sanctions against U.S. commercial services and intellectual property as part of its David vs. Goliath trade battle with the United States, the islands' finance minister announced Sunday.

Antigua Finance Minister Harold Lovell told The Associated Press that the tiny country of less than 90,000 people has tried unsuccessfully for years to negotiate a "fair settlement" with the U.S. It accuses its neighbor to the north of hobbling its fragile economy by banning Americans from placing online bets with gambling operators, including licensed online casinos based in the twin-island nation.

"As a small country, it is not our intention to have a fight with the United States. But we believe also that as a sovereign nation we are entitled to all the rights and the protection of the WTO," Lovell said in a Sunday phone interview. "We believe the time has come (to pursue sanctions) having exhausted all other possibilities."

Save a last minute settlement, Antigua intends to formally announce its intentions to pursue punitive action at a Dec. 17 meeting of the Geneva-based World Trade Organization. It will then announce specifics of which U.S. industries it intends to target.

The U.S. Trade Representative's office did not immediately return a Sunday email seeking comment.

In 2007, the WTO awarded Antigua the right to target U.S. services,

copyrights and trademarks in retaliation for its online betting ban. But in a setback for the Caribbean country, the global trade body capped the limit of annual trade sanctions at \$21 million. Antigua had sought the right to impose \$3.4 billion in retaliatory measures, while the U.S. offered about \$500,000.

Still, Lovell believes the countermeasures can be an effective tool to pressure the U.S., even with the WTO's token amount of \$21 million a year.

"We are resolved that absent a fair settlement that this is the route we will take," Lovell said from Antigua.

The former British colony had been promoting electronic commerce as a way to diversify its small economy and end its reliance on tourism, which was slammed by a series of hurricanes in the late 1990s. In 2000, there were numerous licensed online casinos that employed roughly 3,000 people, and the flourishing sector had an annual income of nearly \$1 billion.

Now, Lovell said the shriveled sector's annual income is "miniscule" and there are just 400 employees. He described the impact of the U.S. ban as "devastating" for the islands' economy, which was also rocked by the 2009 collapse of the financial empire of convicted Texas tycoon R. Allen Stanford, who based his Stanford International Bank on Antigua and was once the country's largest private employer.

"We have basically been driven over our fiscal cliff .... We feel that we really have had our backs pushed right up against the wall," said Lovell, referring to the impact of the U.S. online betting ban.

Antigua in 2003 initiated WTO dispute proceedings against U.S. federal and state laws barring foreign participation in U.S. Internet gambling

markets. The WTO, in rulings in 2004 and 2005, found that the U.S. had violated its 1994 General Agreement on Trade in Services, or GATS, which the WTO says allows Internet gambling.

The WTO has upheld rulings striking down the U.S. ban. The trade body said Washington was violating trade law by targeting online gambling without equal application of the rules to American operators offering remote betting on horse and dog racing.

But in 2006, Washington stopped U.S. banks and credit card companies from processing payments to online gambling businesses outside the country. The decision closed off the most lucrative region in a growing market worth about \$15.5 billion at the time. About half of the world's online gamblers are based in the U.S.

Washington also responded to its legal defeat by announcing it would take the unprecedented step of revising the conditions under which it signed the GATS. That allowed a number of countries to seek compensation under a separate process. But the U.S. has failed to do so with Antigua.

As a result, Antigua gained the right to penalize U.S. services and intellectual property until Washington either permits Americans to gamble over foreign-based sites or eliminates exceptions for off-track betting on horses, including over the Internet.

Lovell said the U.S. Trade Representative's office recently rejected efforts to have the trade dispute referred to the WTO for arbitration, prompting the islands to pursue countermeasures.

He said Antigua has also been following with interest U.S. complaints on pirating and fake goods in China and its threats to take the Asian giant to the WTO's dispute resolution board.

"We believe that the same rules that apply to big countries should be the same rules that apply to small countries. It is very difficult for us to sit back and hear the United States speak about unfair trade practices that are alleged against China, and at the same time ... we've played by the rules, we've done everything that we were required to do, we were successful - and yet we have not been able to arrive at a proper conclusion to this matter," Lovell said.

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