

**For Immediate Release**

***European Union Commissioner Mandelson Urged to Defend Trade Rights in WTO Dispute During Crucial Washington Visit***

(Washington, D.C. – November 6, 2007) European politicians and industry representatives are calling on E.U. Trade Commissioner Peter Mandelson to use his visit to the U.S. capital this week to seek the reversal of illegal discrimination against Europe's financial services, e-commerce and gaming industries. Mr. Mandelson's meetings will feature negotiations with U.S. Trade Representative Susan Schwab over compensation owed to the E.U. and other countries following the U.S. withdrawal of services trade concessions in the World Trade Organization related to gaming.

“The United States has engaged in blatantly protectionist behavior. U.S. companies are entitled to operate in European markets, while we've been forced out of the United States,” said Clive Hawkswood, Chief Executive of the Remote Gambling Association. “Commissioner Mandelson's visit is a good opportunity to address discrimination against responsible European companies. The USTR should be put on notice that the E.U. will not allow the wholesale denial of trade rights protected by the World Trade Organization. Brussels should take every conceivable measure to defend the system of global trade law.”

“In the ongoing negotiations on what concessions the US will offer, it is vitally important that the European Commission extract the maximum possible benefit for European companies,” said Member of the European Parliament Robert Sturdy. “The US must not be allowed to unilaterally withdraw a whole market sector from its trade commitments simply because the growth of that market sector is being driven by European companies. It is incumbent on the Commission to protect Europe's interests in this case.” MEP Sturdy said.

The United States has taken draconian steps to seal its domestic gambling markets from foreign participants, including gaming companies as well as financial services and information technology companies, This despite the fact that U.S. possesses the world's largest gambling market, and allows U.S. operators to offer certain forms of online gambling for U.S. operators. “European jurisdictions have already proven the merits of a regulated environment. We would encourage the development of a similarly fair and balanced environment in the United States,” Hawkswood added.

The World Trade Organization ruled in 2004 and 2005 that U.S. laws discriminated against foreign competitors, in violation of global trade rules and the United States' own ratified commitments to the WTO. This year, after failing to comply with a WTO ruling that U.S. laws be reformed, the United States announced it would withdraw those commitments, entitling WTO member countries to fair compensation for the lost market access. The closure of the \$100 billion U.S. gaming market had financial ramifications far beyond the gaming industry itself, wiping out billions of dollars from the balance

sheets of European institutional investors, pension funds, and financial services companies as well as affecting the many supplier industry sectors to the gaming industry.

“It’s clear from the WTO rulings that the European Union and other WTO partners are entitled to full and fair compensation,” said Nao Matsukata, formerly Director of Policy Planning for USTR Robert Zoellick and now a Senior Advisor for Alston and Bird LLP. “Failure to resolve the United States’ discriminatory practices would lead the WTO to authorize countries to enact enormous sanctions against the U.S. equal to the value of the lost market access. This situation could be avoided through a legislative solution. Frankly, the Congress is already moving in a responsible manner on this issue, and should take the matter out of USTR’s hands to prevent the further deterioration of U.S.-European trade relations.”

Draft legislation offered by House Financial Services Chairman Barney Frank (D-MA) in the U.S. Congress would create a national licensing system for online gambling in the United States. This approach would provide blanket authority for foreign operators to participate in U.S. state markets to the extent that those markets are open to domestic providers of gambling services. “The U.S. Congress is seeking to regulate online gaming in a competitive and fairly taxed environment that encourages the participation of responsible companies,” said Lode Van Den Hende of Herbert Smith LLP. “The legislation would create strong consumer protections, facilitate consumer choice, respond to technological innovation, and provide durable tax revenues for the future. Since the U.S. Trade Representative’s sole interest seems to be violating the rights of European industry, it is incumbent upon Commissioner Mandelson to work with the U.S. Congress to develop a responsible solution.”

Several key WTO partners of the United States have already expressed concern over the broader impact of USTR’s decisions on global trade. “At a minimum, Washington’s actions call into question the United States’ credibility in current WTO negotiations for greater trade liberalization,” Matsukata said. “It will be readily apparent to significant economies such as China, India and Brazil, that the United States seeks to create one standard for its trading partners, and another for itself. This risks setting a precedent in the WTO that would ultimately prove harmful not only to the global, rules-based trading system, but also to the long term ability of the U.S. to remain competitive.”

Clive Hawkswood, Robert Sturdy, Nao Matsukata and Lode Van Den Hende are available to speak to news media.

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