

EU/US negotiations: specific commitments on gambling and betting services

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PURPOSE : to conclude negotiations with the USA on the necessary compensatory adjustments resulting from the US intended withdrawal of specific commitments on gambling and betting services pursuant to Article XXI of the General Agreement on Trade in Services.

PROPOSED ACT : Council Decision

IMPACT ANALYSIS : none

LEGAL BASE : Article 133 (1) and (5), in conjunction with Article 300(2) of the Treaty establishing the European Community.

CONTENT : the terms and conditions under which Members of the World Trade Organization ("WTO") commit access to their market to the services and service suppliers of other Members are listed in a Member's Schedule of specific commitments ("Schedule") under the General Agreement on Trade in Services ("GATS").

The GATS provides in its Article XXI for a procedure that Members can use to modify or withdraw any commitments in their Schedule. A Member that chooses to modify or withdraw a commitment should notify other Members of the WTO of its intention. Any Member of the WTO which considers that its benefits under the GATS are affected by the proposed modification should communicate its claim of interest to the 'modifying Member'. Subsequently, the modifying Member and the affected Member enter into negotiations with a view to reaching agreement on any necessary adjustment to be made by the modifying Member in compensation. The adjustment should endeavour to maintain a general level of mutually advantageous commitments not less favourable to trade than that provided for in the Schedule prior to the negotiations.

On 8 May 2007, the USA notified the WTO of its **intention to withdraw from its schedule commitments on gambling and betting services in accordance with Article XXI of the GATS.**

On 19 June 2007, the European Communities identified itself as an affected Member pursuant to Article XXI of the GATS. In accordance with that Article, the EC entered into negotiations with the US to determine appropriate compensatory adjustments to be made by the United States. Such compensatory adjustments take the form of specific commitments on services.

On 10 September 2007 the Council authorised the Commission to conduct negotiations with the United States with a view to reaching agreement on necessary compensatory adjustment for the withdrawal of commitments on gambling and betting services.

On 17 December 2007 the EC and the US determined the compensatory adjustments to be made by the US to maintain a general level of mutually advantageous commitments not less favourable to trade than that provided for in the Schedule of the United States prior to the negotiations. Specifically, the United States agreed to incorporate into its Schedule commitments in the area of storage and warehouse services, **technical testing and analysis services, research and development services and postal and courier services.**

The present Commission proposal aims at formally endorsing the compensatory adjustments determined through the negotiations between the EC and the US.

It should be noted that this document was initially classified as “restreint EU” and was declassified by the Commission on 19 December 2008. The European Parliament will be formally consulted on the proposal.

FINANCIAL IMPLICATIONS : none.