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A New Front in Global Trade Wars

A 10-year trade dispute between the United States and the Caribbean nation of Antigua and Barbuda involving online gambling has reached an important turning point that could set a disturbing precedent for global commerce. Last week, the World Trade Organization authorized Antigua and Barbuda to violate intellectual property protections on American movies, books, pharmaceuticals and other goods as compensation for United States policies that harmed the islands' online gambling business.

The judgment, if carried out, could open up a whole new front in trade wars, in which countries retaliate against unfair practices by imposing tariffs or quotas on other goods. But while it's relatively easy to dole out tit-for-tat punishment when it comes to goods like bananas, which are easy to measure, it will be much harder to do that with intellectual property, because copies of, say, Hollywood movies, can be further copied.

Antigua made a strong case to the W.T.O. that American policies like restrictions on money transfers have undercut its online gambling sites in violation of trade agreements in which the United States committed not to restrict such businesses. As a result, it says it has lost most of the 4,000 jobs connected to online gambling it once had.

It is unclear how, or if, Antigua will take advantage of the judgment, which limits the amount of harm it can cause to the owners of copyrights and patents in the United States to \$21 million a year. Some have speculated that it could pirate American movies or music by offering them for sale online at cut-rate prices, or it could offer generic versions of patented drugs.

Antiguan officials say they would prefer a monetary settlement from Washington. United States officials have offered help in increasing American tourists to the islands, which officials there have said is too paltry a remedy. Both sides need to return to the negotiating table and come up with a deal that does not rely on legally approved piracy.



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