

## Congress of the United States House of Representatives

Washington, DC 20515

April 9, 2025

The Honorable Donald J. Trump President of the United States The White House 1600 Pennsylvania Avenue NW Washington, D.C. 20500

Dear President Trump:

We write to express our concerns with the European Union's (EU) targeting of American companies under the Digital Markets Act (DMA). To date, the European Commission (Commission) has designated seven companies, of which six are U.S. entities, as gatekeepers under the DMA. These designations are causing serious damage to America's competitiveness and security interests, while harming consumers and boosting foreign corporations.

We urge you to advocate for American companies, workers, and consumers by insisting that EU policymakers enforce their digital policies fairly. While our strong relationship with our European allies remains essential, we also ask that you to direct your entire Administration to support American companies instead of coordinating with European and other foreign authorities in their misguided efforts to hamstring American business and the economy. Moreover, European policies should not be a backdoor to modifying U.S. antitrust policy.

#### EU Gatekeeper Criteria are Arbitrary and Aimed at American Companies.

The EU's criteria to identify gatekeepers appear arbitrary.<sup>2</sup> The EU failed to designate any European retailers, content-sharing platforms, payment firms, or telcos as gatekeepers, even though many have a greater national segment of the European market than the U.S. firms designated as gatekeepers. The Commission also declined to designate as gatekeepers the Korean firm Samsung and several Chinese companies despite meeting the thresholds established under the DMA.<sup>3</sup> Dita Charanzová, formerly a Vice President of the European Parliament, even acknowledged that the DMA targets American companies, and the lack of European competitors able to fill the void created by the DMA would advantage Chinese firms.<sup>4</sup> This process has

<sup>&</sup>lt;sup>1</sup> The six U.S.-based companies are Alphabet, Amazon, Apple, Meta, Microsoft, and a wholly owned subsidiary of Booking Holdings. In addition to these US companies, the EU also designated the Chinese company ByteDance as a gatekeeper. <a href="https://digital-markets-act.Commission.europa.eu/gatekeepers\_en">https://digital-markets-act.Commission.europa.eu/gatekeepers\_en</a>

<sup>&</sup>lt;sup>2</sup> Javier Espinoza, EU should focus on top 5 tech companies, says leading MEP, FINANCIAL TIMES (May 30, 2021).

<sup>&</sup>lt;sup>3</sup> European Commission. "Digital Markets Act: Commission designates six gatekeepers," Sept. 5, 2023, https://Commission.europa.eu/commission/presscorner/detail/en/IP\_23\_4328 (Press release).

<sup>&</sup>lt;sup>4</sup> Dita Charanzová, *Turning Europe's internet into a 'walled garden' is the wrong path to take*, FINANCIAL TIMES (Feb. 17, 2021).

required American companies to make extensive changes to their popular products without any guarantee of avoiding penalties.<sup>5</sup>

#### The DMA Discriminates against U.S. Companies and Advantages Foreign Competitors.

If the Commission determines that a company's actions violate the DMA, it may issue fines equaling 20 percent of the company's annual global revenue or force the divestiture of assets. By not being designated gatekeepers, Chinese and European companies can conduct activities, like maintaining closed ecosystems, securing their data, giving their services priority, and providing interlinked services without fear of debilitating monetary fines that gatekeepers face. As U.S. firms are hindered, Chinese firms are filling the gap. B

The intent to cause on-going damage to American companies to benefit European companies was laid bare in comments by European Members of Parliament during the debate on the DMA, underscoring the protectionist nature of the law. Harming American companies and decreasing incentives for investment are not conducive to building European companies.

### The DMA Threatens the American Economy, Innovation, and American Workers.

As many Members of Congress urged former-President Biden in a letter dated December 15, 2023, the Trump Administration should uniformly support U.S. companies against arbitrary and unfair acts by the EU. <sup>10</sup> The U.S. cannot collaborate with foreign enforcers to create a hostile atmosphere for American companies. The letter further warned of the potentially catastrophic impacts on the American economy, ingenuity, and innovation by harming American companies in the digital sector, which supports over 18 million American jobs and adds \$2.3 trillion to the

https://drive.google.com/file/d/1nPYCDYR1Tw69XmeqtpihoFcZyFxwJotR/view.

<sup>&</sup>lt;sup>5</sup> See generally Anu Bradford, The Brussels Effect, 107 Nw. U. L. Rev. 1 (2015); Makenzie Holland, Trump Takes Issue with EU Actions Against U.S. Big Tech, TECHTARGET (Jan. 23, 2025); "Complying with the Digital Markets Act," Around the Globe Blog, March 5, 2025. https://blog.google/around-the-globe/google-europe/complying-with-the-digital-markets-act/

<sup>&</sup>lt;sup>6</sup> Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act), 2022 O.J. (L 265) Chapter III; *See also* European Commission, *The Digital Markets Act: ensuring fair and open digital markets* (March 20, 2025).

<sup>&</sup>lt;sup>7</sup> Kati Suominen, "New Costs and Cybersecurity Challengers Flagged as DMA Compliance Starts," Center for Strategic & International Studies, March 22, 2024. <a href="https://www.csis.org/analysis/new-costs-and-cybersecurity-challenges-flagged-dma-compliance-starts">https://www.csis.org/analysis/new-costs-and-cybersecurity-challenges-flagged-dma-compliance-starts</a>; See also Go-Woon Yi and Jeong-Soo Hwang, Samsung Electronics avoids EU's digital market regulations, THE KOREA ECONOMIC DAILY (Sep. 7, 2023) ("As its archrival Apple has been designated as one of the gatekeepers, Samsung Electronics may enjoy windfall gains in the European smartphone market, where it commanded the largest share of 34% in the January-March period, market experts forecast.").

<sup>&</sup>lt;sup>8</sup> Kati Suominen, "Implications of the European Union's Digital Regulations on U.S. and EU Economic and Strategic Interests," Center for Strategic & International Studies, November 22, 2022. <a href="https://www.csis.org/analysis/implications-european-unions-digital-regulations-us-and-eu-economic-and-strategic">https://www.csis.org/analysis/implications-european-unions-digital-regulations-us-and-eu-economic-and-strategic</a>
<sup>9</sup> Javier Espinoza, *EU should focus on top 5 tech companies, says leading MEP*, FINANCIAL TIMES (May 30, 2021); Dita Charanzová, *Turning Europe's internet into a 'walled garden' is the wrong path to take*, FINANCIAL TIMES (Feb. 17, 2021).

<sup>&</sup>lt;sup>10</sup> Rep. J. Luis Correa, Rep. Thomas Massie, and Rep. Fitzgerald, et al., "Letter Conveying Concern of the European Union's Digital Markets Act," December 15, 2023,

U.S. economy. These warnings have proven prescient. A recent Computer & Communications Industry Association report found that potential financial exposure "under EU digital regulation is likely to range between \$4.3 billion and \$12.5 billion annually per company." Maintaining our leadership in this sector is imperative for our economy and U.S. employees.

#### The DMA Harms Consumers Worldwide.

The DMA's complex web of regulations not only limits U.S. companies' ability to compete with foreign companies—it also harms the consumers of small businesses in the U.S. and abroad, but especially in the EU. 12 The DMA-regulated American companies provide a wide array of popular products and services that compete aggressively in crowded global marketplaces. Under these top-down European regulations, many U.S. products are being artificially commoditized, while their competitors remain unencumbered.

As a result of the onerous requirements of the DMA and other European laws and regulations, American companies plan to not offer or restrict certain innovative products and services in the EU, harming European consumers. The quality of some services, including search services, has deteriorated. Further, bookings reserved directly with hotels are down 30 percent in Europe and are instead directed through large intermediaries that charge high fees. DMA advertising and data rules have limited the ability of small businesses to reach consumers via advertising in a cost-effective manner. 15

Harm to consumers from the DMA also includes opening the floodgates on fraud and security breaches under the guise of transparency, while limiting providers' ability to combat digital threats, including fraud, hacking, and malware. <sup>16</sup> Further, interoperability requirements worsen the customer experience, increase costs, and give foreign companies American IP, disincentivizing companies to innovate and invest in R&D. <sup>17</sup> More specifically, "the cumulative loss in EU revenues from sales of digital services amount to a loss of \$325 billion in R&D investments across the five largest U.S. technology companies." The damage from the DMA

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<sup>&</sup>lt;sup>11</sup> "Costs to U.S. Companies from EU Digital Regulation," Computer & Communications Industry Association, March 11, 2025, https://ccianet.org/research/stats/costs-to-us-companies-from-eu-digital-regulation/

<sup>&</sup>lt;sup>12</sup> Geoffrey A. Manne, et al., *REGULATE FOR WHAT? A CLOSER LOOK AT THE RATIONALE AND GOALS OF DIGITAL COMPETITION REGULATIONS*, INTERNATIONAL CENTER FOR LAW AND ECONOMICS (Aug. 19, 2024)

<sup>&</sup>lt;sup>13</sup> Richard Lawler, *Apple May Delay AI Features in the EU Because of its Big Tech Law*, THE VERGE (Jun. 21, 2025); Adam Cohen, *New Competition Rules Come with Trade-offs*, GOOGLE BLOG – THE KEYWORD (Apr. 5, 2024).

<sup>14</sup> Oliver Bethell, An update on our compliance with the DMA, GOOGLE BLOG – THE KEYWORD (Nov. 26, 2024)

<sup>&</sup>lt;sup>15</sup> Chris Comstock, What The Digital Markets Act Means To US Brands and Consumers, AD EXCHANGER (Jul. 19, 2022); See also Kati Suominen, New Costs and Cybersecurity Challenges Flagged as DMA Compliance Starts, CENTER FOR STRATEGIC & INTERNATIONAL STUDIES (Mar. 22, 2024).

<sup>&</sup>lt;sup>16</sup> "New Costs and Cybersecurity Challenges Flagged as DMA Compliance Starts" Center for Strategic & International Studies. March 22, 2024. https://www.csis.org/analysis/new-costs-and-cybersecurity-challenges-flagged-dma-compliance-starts; "The EU's Digital markets Act: A Gift to Hackers – and a Threat to Competition?" European Centre for International Political Economy, Matthias Bauer and Dyuti Pandya. February 2025. https://ecipe.org/blog/dma-gift-to-hackers-threat-to-competition/

<sup>&</sup>lt;sup>17</sup> "The EU's Interoperability Regulation," Information Technology & Innovation Foundation https://itif.org/publications/2025/02/11/the-eu-interoperability-regulation/ (February 11, 2025)

<sup>&</sup>lt;sup>18</sup> "Costs to U.S. Companies from EU Digital Regulation," Computer & Communications Industry Association, March 11, 2025, https://ccianet.org/research/stats/costs-to-us-companies-from-eu-digital-regulation/

transcends Europe as other nations consider modeling their digital services policies after the DMA.

# <u>Administration Action is Needed to Protect American Companies, Innovation, Consumers, and the Economy Against Predatory Actions by the EU in the Digital Services Sector.</u>

To address these near-term risks to the American economy, companies, innovation, and employees, we respectfully ask you to:

- Immediately investigate how Europe's "digital sovereignty" agenda may damage American economic and security interests, including European regulations that compel American firms to transfer U.S. data, trade secrets, and intellectual property to European, Chinese, and other foreign companies.
- Secure commitments from European leaders to cease developing or implementing measures that discriminate against American companies and workers, including the use or application of provisions like the DMA's gatekeeper provisions in a discriminatory manner in future legislation or regulations.
- Mandate that all U.S. officials, including those at DOJ and FTC, actively support U.S. companies and demand that regulations and investigations promulgated through the DMA do not cause undue damage to or discriminate against American companies.

Thank you in advance for your immediate attention to this critical issue. We stand ready to work with you and your Administration to address these significant concerns.

Sincerely,

J. Luis Correa

Member of Congress

Scott Fitzgerald

Member of Congress