EU regulations impose heavy costs on US companies, study finds

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The European Union's stringent tech regulations are imposing nearly $100 billion per year on American companies operating within the 27-member bloc, according to a new study released Monday morning.

As much as $97.6 billion is incurred annually by the EU's restrictions on digital services with a floor estimate of $38.9 billion annually, the Computer and Communications Industry Association Research Center found. Companies from the United States are disproportionately affected by these heavy costs.

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Fines and penalties alone collectively cost these companies up to $62.5 billion annually, with the potential costs per company ranging from $4.3 billion to $12.5 billion annually.

For instance, the European Commission placed its largest fine on Google, worth $5.1 billion, in 2018 over an antitrust violation related to the company's Android operating system. Four years later, a European court reduced the fine to $4.8 billion while upholding the penalty. Google is still appealing that fine, but it is set to lose the case after an EU court adviser recommended a dismissal of the appeal in June.

But that's only one case. Google was fined billions more in euros by the European Commission two other times over similar antitrust violations.

"These costs discourage innovation, shrink the U.S. tax base, and harm U.S. investors, workers, and taxpayers," Trevor Wagener, an economist and director of the CCIA Research Center, said in a statement shared with the *Washington Examiner*.

There are several EU laws regulating digital online service providers, with the primary ones being the Digital Markets Act and Digital Services Act.

The Digital Markets Act targets several large tech corporations, which it classifies as "gatekeepers," to make the digital marketplace fairer and more competitive.

One of those gatekeepers, Apple, pushed back against the European Commission's "unprecedented" $586 million fine by filing an appeal earlier this month. The company was fined for engaging in anticompetitive behavior by preventing app developers from steering users to cheaper deals outside the Apple App Store. The fine was issued under the Digital Markets Act.

In its report, the CCIA Research Center says this regulation is poised to "cause the most damage to both the American and European companies." The law is projected to result in an estimated $130 billion in revenue loss "due to increased transaction costs, decreased personalization, diminished reach of platforms, loss of valuable integrations, and lower incentives to invest in innovation," the nonprofit group says, citing the figure published by Denmark's Copenhagen Business School.

The Digital Markets Act targets at least 23 U.S. companies but excludes nearly all European and Chinese services in the European bloc, per CCIA's research.

Meanwhile, the Digital Services Act primarily addresses content moderation in how digital service providers flag or report content and otherwise prevent the spread of illegal content. If they fail to comply, providers can face millions of dollars in supervisory fees.

The cost to comply with the law for an average large U.S. company could amount to $150 million per year, and the cost for the five largest U.S. companies — Google's parent company Alphabet, Amazon, Apple, Meta, and Microsoft — could total $750 million per year.

For comparison, the cost to comply with the Digital Markets Act for U.S. companies could amount to $1 billion per year.

Other regulatory measures that the EU implements include the Artificial Intelligence Act, the world's first comprehensive AI regulation, and digital services taxes, which tax the gross revenue streams of large tech companies.

The AI law bans the use of risky AI systems suspected of "exhibiting techniques for the objective of distorting behavior, exploiting vulnerabilities, evaluating based on social behavior or personality, predicting criminal offenses, inferring emotions at work or educational institutions, undertaking biometric categorization, or identifying people in real time in public spaces for the purpose of law enforcement," according to CCIA.

Regarding digital services taxes, seven EU nations adopted the measure and four others had pending proposals as of February. Austria, France, Italy, and Spain collectively received $1.5 billion in digital services taxes alone two years ago in addition to the annual $97.6 billion that U.S. companies incur. Of the four countries, Austria has a 5% tax rate and the other three each have a 3% tax rate.

The new study's findings are backed by other reports, including one from Public Policy Solutions that [details](#) how the EU's tech laws "disadvantage" U.S. companies in Europe's digital marketplace and "hamstring" American innovation.

The Trump administration has been particularly critical of the EU's protectionist policies as it negotiated a trade deal with the bloc. European Commission President Ursula von der Leyen has described the regulations as essential tools for promoting the EU's "technological sovereignty." President Donald Trump has taken aim at both the Digital Markets Act and Digital Services Act, threatening to implement costly tariffs in retaliation to the rules if they're not repealed.

Negotiations reached a breakthrough on Sunday when both Trump and von der Leyen reached a trade deal ahead of the Aug. 1 worldwide tariff deadline. The agreement includes 15% tariffs on automobiles and other European exports to the U.S. In exchange, the EU will open its member states' markets to American goods with no retaliatory tariffs, invest $600 billion in the U.S., and purchase billions more in American energy and military equipment.

TRUMP ANNOUNCES EU TRADE DEAL WITH 15% TARIFFS

"It's a very powerful deal, it's a very big deal, it's the biggest of all the deals," Trump said while meeting with von der Leyen in Scotland.

It remains unclear at this time how the EU's tech regulations play into the trade deal. The *Washington Examiner* contacted the CCIA Research Center for comment.