

ONE HUNDRED NINETEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON THE JUDICIARY

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February 23, 2025

Ms. Teresa Ribera
Executive Vice-President for a Clean, Just, and Competitive Transition
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels, Belgium

Dear Ms. Ribera:

The Committee on the Judiciary of the U.S. House of Representatives is conducting oversight of how and to what extent foreign laws are being used to discriminate against innovative American companies and insulate their European rivals from competition. The Committee has previously expressed concerns about the European Union's (EU) Digital Services Act (DSA), which seeks to censor political speech both in and outside the United States.¹ Proposed alongside the DSA, the Digital Markets Act (DMA) prohibits potentially pro-consumer behavior by certain companies that the Commission designates as "gatekeepers."² A gatekeeper designation subjects these companies to burdensome regulatory obligations and appears to be artificially limited to non-European firms.³ We write to express our concerns that the DMA may target American companies, and we request a briefing to understand the Commission's approach to enforcing the DMA, its interactions with American gatekeepers, and ongoing enforcement efforts.

The DMA gives the European Commission the ability to designate certain companies as gatekeepers,⁴ subjecting these companies to burdensome regulations and giving European

¹ See Letter from Rep. Jim Jordan, Chairman, H. Comm. on the Judiciary, to Thierry Breton, Comm'r for Internal Mkts., European Comm'n (Aug. 15, 2024).

² 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) 16, Art. 3.

³ 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.

⁴ 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) 16, Art. 3.

competitors an advantage.⁵ Gatekeepers that violate the DMA potentially face punishment from the Commission, including fines equaling 10 percent of the company's annual revenue and, in instances of repeat violations, fines reaching 20 percent of annual revenue or even forced divestiture of assets.⁶ These severe fines appear to have two goals: to compel businesses to follow European standards worldwide, and as a European tax on American companies.⁷

European regulations like the DMA will hurt consumers and stifle innovation.⁸ Certain innovative products and services offered by American companies will not be released in the EU or are being restricted because of the DMA and other European laws and regulations.⁹ Although the DMA is still in the implementation stage, the law is already harming European small businesses and consumers. For example, bookings reserved directly with hotels are down 30 percent in Europe and bookings are instead increasingly being directed through large intermediaries that charge high fees.¹⁰ DMA advertising and data rules have also limited the ability of small businesses to reach consumers in a cost-effective manner.¹¹ These data restrictions limit small advertisers' ability to reach target audiences with advertisements.¹²

⁵ 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.

⁶ European Commission, *The Digital Markets Act: ensuring fair and open digital markets* (Last accessed: Jan. 31, 2025).

⁷ 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).

⁸ 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) ("The benefits that [the gatekeepers] have legitimately and arduously acquired are dissipated across the supply chain, and their competitors, who lacked the foresight and business acumen to make the same or similar investments, are rewarded for their sluggishness. This stifles the mechanisms that propel competition, and is, for this very reason, generally not a sound way of approaching competition policy (or competition regulation).").

⁹ 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).

¹⁰ Oliver Bethell, *An update on our compliance with the DMA*, GOOGLE BLOG – THE KEYWORD (Nov. 26, 2024) ("We've seen increased traffic to a small number of successful intermediary services and significantly less engagement with a wide range of businesses like airlines, hotels, local merchants and restaurants. Hotels are concerned that direct booking clicks are down as much as 30% since our compliance changes were implemented. These businesses now have to connect with customers via a handful of intermediaries that typically charge large commissions, while traffic from Google was free. European airlines and local businesses have expressed similar concerns.").

¹¹ 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) ("Advertisers wishing to reach customers across multiple services offered by a company (for example, across Google Search and Maps) will now need to collect additional, specific user consent on top of when users already provide consents to access various services... This in turn may increase brands' customer acquisition costs and impact small brands in particular, with limited budgets and high reliance on large platforms to reach their audiences.").

¹² *Id.*

Six of the current seven gatekeepers are American companies or wholly owned subsidiaries of American companies.¹³ While debating the DMA, comments made by European Members of Parliament (MEPs) underscore the protectionist nature of the law. For example:

- Andreas Schwab, a German MEP, stated that the EU should only target American companies.¹⁴ Mr. Schwab argued in favor of targeting American companies and against “includ[ing] a European gatekeeper just to please [President] Biden.”¹⁵ Mr. Schwab also argued in favor of raising the capitalization and revenue thresholds necessary for gatekeeper designation, a change that would have further insulated European tech companies.¹⁶
- Dita Charanzová, a vice president of the European Parliament, candidly wrote during debate of the DMA: “[W]e must state the truth: [the DMA] target[s] US companies. The businesses are both loved and hated, but no one can deny they are vital to the European economy[.]”¹⁷

These statements suggest that the European Commission’s goal is to remedy Europe’s economic downturn by weaponizing the DMA against American companies. Former Italian Prime Minister Mario Draghi admitted as much, calling on European regulators to use the DMA to harm American companies and build European champions.¹⁸

The DMA’s provisions will benefit Chinese and European companies that are not subject to its regulations. The DMA requires that gatekeepers provide proprietary search engine data to competitors.¹⁹ Other provisions of the DMA require gatekeepers to “provide business users . . . free of charge, with effective, high-quality, continuous and real-time access to, and use of,

¹³ *Gatekeepers*, European Commission, https://digital-markets-act.ec.europa.eu/gatekeepers_en.

¹⁴ Javier Espinoza, *EU should focus on top 5 tech companies, says leading MEP*, FINANCIAL TIMES (May 30, 2021).

¹⁵ *Id.*

¹⁶ *Id.*; (“But in a new report, which is set to be published on Monday, Schwab called for higher thresholds of 100bn market capitalisation, rather than 65bn in the original proposals, and of 10bn turnover in the last three financial years, rather than 6.5bn.”).

¹⁷ Dita Charanzová, *Turning Europe’s internet into a ‘walled garden’ is the wrong path to take*, FINANCIAL TIMES (Feb. 17, 2021).

¹⁸ *Europe is now a corporate also-ran. Can it recover its footing?*, THE ECONOMIST (Jun. 5, 2021) (“Apple’s success has been notable, but it is the decline of corporate Europe that is truly striking. At the start of the 21st century 41 of the world’s 100 most valuable companies were based in Europe (including Britain and Switzerland but excluding Russia and Turkey). Today only 15 are.”); See also Mario Draghi, *The Future of European Competitiveness Part B | In-depth analysis and recommendations*, sec. 2, chapter 4, at 302 (“Apply effectively the new powers associated with the enforcement of the Digital Markets Act (DMA) and the Foreign Subsidies Regulation (FSR)”); See also Federico Steinberg & Max Bergmann, *The Draghi Report: A Strategy to Reform the European Economic Model*, CENTER FOR STRATEGIC & INTERNATIONAL STUDIES (Oct. 2, 2024) (“A review of European competition policy is also recommended to consider future competition and innovation, replace distorting state aid with European aid, and promote projects of joint European interest. The goal is to facilitate “European champions”—big companies capable of competing with U.S. and Chinese giants.”).

¹⁹ 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), Art. 6(11).

aggregated and non-aggregated data[.]”²⁰ These data-sharing schemes not only reduce innovation because less efficient rivals can simply take from companies that succeeded in winning consumers, but these requirements also mandate the sharing of data with companies that have ties to the People’s Republic of China.²¹ These, along with other provisions of the DMA, stifle innovation, disincentivize research and development, and hand vast amounts of highly valuable proprietary data to companies and adversarial nations.

The Committee requests a briefing on your approach to DMA enforcement, ongoing DMA proceedings against American companies, and European plans to subsidize and build national champions. Please have your staff arrange the briefing as soon as possible but no later than 10:00 a.m. ET on March 10, 2025.


Pursuant to the Rules of the House of Representatives, the Committee on the Judiciary has jurisdiction to conduct oversight of matters concerning “protection of trade and commerce against unlawful restraints and monopoly” to inform potential legislative reforms.²² If you have any questions about this matter, please contact Committee staff at +1 (202) 225-6906.

Thank you for your attention to this matter.

Sincerely,



Jim Jordan
Chairman



Scott Fitzgerald
Chairman
Subcommittee on the Administrative
State, Regulatory Reform, and
Antitrust

cc: The Honorable Jamie Raskin, Ranking Member

The Honorable Jerrold L. Nadler, Ranking Member
Subcommittee on the Administrative State, Regulatory Reform, and Antitrust

²⁰ 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), Art. 6(10).

²¹ Doug Kelly, *How Europe’s Digital Markets Act Undermines American Tech Leadership and Helps China*, AMERICAN EDGE PROJECT (Sep. 6, 2023) (“Last but not least, DMA forces American gatekeeper companies to disclose to competitors – even foreign adversaries – critical proprietary information and competitive expertise. China already steals \$500 billion annually in intellectual property and technology from U.S. companies. Do we really want our leading artificial intelligence companies to be forced – by our allies no less – to hand over trade secrets to Chinese firms[?]”).

²² Rules of the House of Representatives R. X (2025).