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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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March 9, 2023

The Honorable Joseph R. Biden, Jr.
President of the United States of America
1600 Pennsylvania Ave., NW
Washington, D.C. 20500

Dear President Biden:

We write to raise our continuing concern with the European Union's (EU) digital agenda, which discriminates against U.S. companies and U.S. workers. It is imperative that you press the EU to ensure the discriminatory aspects of these digital proposals are removed as the United States continues to engage with the EU under the auspices of the Trade and Technology Council (TTC) and as you engage in discussions regarding implementation of the Inflation Reduction Act (IRA).

The EU's regulatory efforts underlying the Digital Services Act (DSA), Digital Markets Act (DMA), digital services taxes, and other proposals target American technology companies, threaten them with enormous tax bills, compliance costs, and regulatory penalties, and give the competitive edge to the homegrown European industry. We support thoughtful, even-handed policies to protect consumers and encourage competition online. However, regulatory efforts that discriminate against U.S. employers and their workers by exempting the EU's domestic companies, and even other foreign companies, are both unfair and counterproductive to the purported goals of ensuring privacy, protecting consumers, and promoting national security.

The DSA and DMA form the cornerstone of the EU's digital regulatory agenda. These laws, still in the implementation phase, are intended to promote laudable goals such as competition and consumer protection online. If the EU is serious about achieving these goals, however, it is wrong to enact legislation where the costs and responsibilities are borne principally by American companies without appropriately regulating European, Chinese, and Russian entities that engage in the same activities.

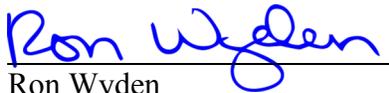
We are similarly concerned about the significant opportunity for discrimination in the designation of companies that are covered by regulations and subject to potentially massive penalties for violations. We ask that you demand that the EU implement these laws fairly, not in a manner that targets a small number of American companies while excluding European and other foreign companies from China, Russia, and elsewhere. Moreover, given the penalty

structure and vague nature of certain requirements, it is essential that the EU provide sufficient time for companies and European regulators to understand the provisions and for companies to come into compliance.

It is critical that the U.S. government be clear now, before the European bloc moves forward with implementing new digital efforts that present additional significant risks to U.S. employers, jobs, and exports. The EU is threatening to resurrect its digital services tax, which is nothing but the EU's transparent effort to raise money by taxing American technology companies while sparing its own constituents. In addition, new proposals surrounding cloud computing standards, cybersecurity, data sharing and localization, and artificial intelligence, if enacted, would build upon existing discriminatory rules and further increase risks and compliance costs for American companies trying to compete and provide services in Europe. Again, while there may be legitimate public policy goals underlying certain aspects of these proposals, the proposals themselves—especially viewed together—demonstrate a troubling effort by the EU to establish its own digital sovereignty and prop up its domestic industry to the detriment of U.S. workers and employers.

Overall, we commend your efforts, at the TTC and elsewhere, to reinvigorate the relationship between the United States and Europe. The events of the last few years, including the pandemic and Russia's unprovoked invasion of Ukraine, have made clear the importance of a strong U.S.–EU relationship on both security and economic fronts. Yet the importance of our relationship with the EU makes it all the more necessary to expeditiously resolve all major trade irritants between us, not solely those raised by the EU. We urge you to work to resolve these concerns, avoid further trade barriers, and build a stronger relationship to meet the challenges of the global economy together.

Sincerely,



Ron Wyden
United States Senator
Chairman, Committee on
Finance



Michael D. Crapo
United States Senator
Ranking Member, Committee
on Finance

cc: Katherine Tai, United States Trade Representative
Charles Michel, President of the European Council
Ursula von der Leyen, President of the European Commission