



700 K Street NW, Suite 600

Washington, DC 20001

Contact: kwooster@itif.org

Transmitted via email.

July 2, 2025

Hon. Scott Bessent

Secretary of the Treasury

U.S. Treasury Department

Washington, DC

Hon. Jamieson Greer

United States Trade Representative

Executive Office of the President

Washington, DC

Hon. Howard W. Lutnick

Secretary of Commerce

U.S. Department of Commerce

Washington, DC

Mr. Peter Navarro

Senior Counselor to the President

The White House

Washington, DC

RE: Stopping Non-Tariff Attacks on U.S. Tech Firms and Industries

Dear Secretary Bessent, Secretary Lutnick, Ambassador Greer, and Mr. Navarro:

On behalf of the Information Technology and Innovation Foundation (ITIF) and our undersigned colleagues from other think tanks and institutions across the ideological spectrum, I write to bring your attention to a critical and growing threat: Foreign governments are systematically deploying policies that constitute non-tariff attacks (NTAs) on America's leading technology companies.

These attacks represent a new category of trade restrictions that traditional frameworks fail to adequately address. Unlike conventional tariffs or standard non-tariff barriers (NTBs), NTAs are disguised as legitimate domestic policies but are designed to weaken specific U.S. firms and industries, extract resources from them, and assert strategic control over American technological capabilities. These narrowly tailored measures intentionally restrict U.S. firms' ability to innovate and compete on level terms, thereby undermining American technology leadership at the expense of our economic and national security in the geostrategic competition with China.

As you and the Trump administration engage in negotiations to rebalance U.S. trade relations, we urge you to put these unfair NTAs on the agenda and insist that America's trading partners address them.

THE GROWING THREAT OF NON-TARIFF ATTACKS

ITIF's Aegis Project for Defending U.S. Technology Leadership has compiled a knowledge base documenting more than 100 examples of policies U.S. trading partners have enacted that unduly or disproportionately target leading U.S. tech companies to restrict their operations or extract their revenues.¹

The European Union pioneered this practice with laws such as its Digital Markets Act (DMA) and Digital Services Act (DSA). The DMA's "gatekeeper" designation criteria predictably captured five U.S. companies while initially exempting European competitors, and EU regulatory fines against major U.S. tech firms totaled nearly \$6.7 billion in 2024, an amount equivalent to one-fifth of the EU's entire tariff revenue base.² But the trend now extends to dozens of other countries and types of policies around the world—from Brazil, which is enacting its own raft of DMA-like regulations; to India, where the recent Digital Personal Data Protection Act singles out U.S. tech firms as "data fiduciaries"; to Japan, which is restricting the operations of America's two leading smartphone software providers.³

Often enacted under the guise of data privacy, consumer protection, or "digital sovereignty," these policies in practice impose restrictive or extractive rules and obligations that systematically hobble American firms and create competitive advantages for foreign rivals—often to China's benefit.

The irony is that in addition to attacking U.S. economic interests, these policies often backfire on the countries that enact them by harming small and medium-sized businesses that depend on larger platforms and robust technology ecosystems. So, removing these policies will be in the mutual best interest of the United States and its trading partners while strengthening our collective strategic position against China.

DEFINING NON-TARIFF ATTACKS

Unlike traditional tariffs—and unlike more familiar NTBs, such as local technology standards or licensing requirements—NTAs are distinguished by three defining characteristics that make them particularly pernicious:

- **Targeted application:** They impose discriminatory compliance burdens on a narrowly defined class of companies through criteria designed to capture only a few market-leading U.S. tech companies while exempting domestic competitors.
- **Strategic intent to undermine or extract:** They extract exorbitant fines that siphon revenue from U.S. tech companies into foreign treasuries, force costly infrastructure investments, compel

¹ ITIF Aegis Project for Defending U.S. Technology Leadership, "[Big Tech Policy Tracker](#)."

² Hilal Aka, "[EU Regulatory Actions Against US Tech Companies Are a De Facto Tariff System](#)" (ITIF Aegis Project, April 2025.)

³ ITIF Aegis Project, "[Brazil's Digital Markets Act](#)," May 25, 2025; ITIF Aegis Project, "[India's Personal Data Protection Regulation](#)," May 14, 2025; ITIF Aegis Project, "[Japan's Single-Firm Conduct Regulation in the Smartphone Software Market](#)," March 8, 2025.

technology transfers that benefit foreign rivals, or impose targeted bans and restrictions designed to strategically weaken American firms' global competitiveness and market position.

- **Regulatory cover:** They utilize legitimate domestic policy areas, such as competition law, data privacy, cybersecurity, or taxation, to disguise strategic or discriminatory intent, providing plausible deniability while achieving effects that would be politically or legally difficult to implement through overt trade measures.

These characteristics make NTAs entirely different from legitimate policies to regulate markets or protect consumers, just as NTBs masquerade as safety standards while serving protectionist goals. To be clear: While we believe the administration is entirely justified to insist that U.S. trading partners cease and desist their unfair trade practices and commercial attacks, we are not suggesting that countries shouldn't be allowed to regulate technologies or industries, just that policies should be evenhanded for all competitors.

NATIONAL SECURITY AND STRATEGIC IMPLICATIONS

These non-tariff attacks represent more than commercial challenges—they constitute a direct threat to U.S. national security and technological leadership.

Xi Jinping has stated bluntly: "Technological innovation has become the main battleground of the global playing field, and competition for tech dominance will grow unprecedentedly fierce."⁴ Against that backdrop, America's leading technology companies are not just powerful engines of economic growth; they are the tip of a national spear, driving innovation that is the essential wellspring for national competitiveness and strength in our techno-economic battle with China.

When foreign policies systematically weaken these companies through NTAs, they inflict severe damage in several ways:

- **Eroding innovation capacity:** Regulatory compliance costs and massive fines divert resources from research and development, slowing American innovation cycles precisely when concentrated investment is needed for technological breakthroughs.
- **Strengthening foreign competitors:** Mandatory data localization, forced technology sharing, and intellectual property transfers directly benefit Chinese and other foreign rivals, while fragmenting American firms' global operations and network effects.
- **Compromising strategic assets:** Forced access to American technological capabilities, data, and innovations provides foreign competitors with strategic advantages that would otherwise require years of investment to develop independently.
- **Undermining economic security:** Weakening U.S. technology leadership threatens America's position in critical advanced industries, including artificial intelligence, quantum computing, and

⁴ James Kynge, "[China's high-tech rise sharpens rivalry with the US](#)," *The Financial Times*, January 18, 2022.

advanced semiconductors, ceding ground to China in the technologies that will determine future economic and military power.

- **Diminishing U.S. political influence:** U.S. technology companies serve as global ambassadors of American innovation, values, and influence. When these companies are weakened or forced to retreat from foreign markets, it creates a vacuum that China eagerly fills.
- **Destroying the innovation ecosystem:** These policies don't just harm large tech companies; they also devastate U.S. small and medium enterprises that depend on these platforms while blocking crucial exit strategies for startups that rely on acquisitions to return capital to investors and fuel the next generation of innovation.
- **Increasing the trade deficit:** By systematically weakening U.S. technology exports and forcing American companies to cede market share to foreign rivals, NTAs reduce America's technology trade surplus and contribute to broader trade imbalances, undermining the administration's efforts to rebalance trade.

THE CHINA CHALLENGE

This issue is particularly acute in the context of U.S.-China strategic competition. While the United States has implemented targeted measures to protect critical technologies through export controls and investment screening, our trading partners have deployed sophisticated NTAs that systematically extract value from U.S. companies, while China has built up its own technological capabilities.

These measures effectively circumvent traditional trade disciplines while achieving market-distorting effects that exceed those of conventional protectionist tariffs, systematically weakening U.S. technological leadership precisely when concentrated strength is needed to compete with China's state-directed development model.

RECOMMENDATIONS FOR TRADE NEGOTIATIONS

As you engage in the upcoming trade negotiations, we respectfully urge you to:

1. **Prioritize non-tariff attacks.** Ensure that NTAs targeting U.S. tech companies receive equal attention to traditional trade barriers in bilateral and multilateral discussions.
2. **Establish clear disciplines.** Seek binding commitments that prevent discriminatory regulatory measures that disproportionately impact U.S. technology leaders.
3. **Create monitoring mechanisms.** Establish ongoing processes to identify and address emerging non-tariff attacks targeting U.S. tech companies.

CONCLUSION

Non-tariff attacks on U.S. technology leadership through undue or disproportionate measures represent one of the most significant trade challenges of our time. These sophisticated attacks not only undermine American commercial interests but also threaten our economic and national security. The trade negotiations now underway represent a critical opportunity to address these challenges and protect the foundation of American technological leadership.

We urge you to make this issue a central priority in your negotiations and invite you to utilize the comprehensive research and documentation that ITIF provides through its Big Tech Policy Tracker and deep catalogue of policy research to build strong, evidence-based negotiating positions. The future of American technological leadership—and our near-term ability to prevail over China—depends on addressing these challenges with the urgency they deserve.

Thank you for your consideration of this critical matter. I look forward to working with you to protect American technological interests in the global marketplace.

Respectfully,

Robert D. Atkinson

President, Information Technology and Innovation Foundation (ITIF)

COSIGNERS⁵

Alden F. Abbott*

Senior Research Fellow, The Mercatus Center at George Mason University

Former General Counsel, Federal Trade Commission

David Adler*

American Affairs

Asheesh Agarwal*

Former Assistant Director, Office of Planning, Federal Trade Commission

Former Deputy Assistant Attorney General, U.S. Department of Justice

Meredith Broadbent*

Former Chair, U.S. International Trade Commission

Former Assistant U.S. Trade Representative for Industry, Market Access and Telecommunications

Michael Brown*

Partner, Sheild Capital

Former Director, Defense Innovation Unit (DIU)

Tao Burga*

Technology Fellow, Institute for Progress

Thomas Duesterberg*

Senior Fellow, Hudson Institute

⁵ Those with asterisks next to their names are signing for themselves individually, not on behalf of their organizations.

James A. Lewis
Project on Technology and National Security

Jessica Melugin
Director, Center for Technology & Innovation, Competitive Enterprise Institute

Harry C. Moser
Founder and President, Reshoring Initiative

Clyde Prestowitz*
President, Economic Strategy Institute

Andrew Reamer*
Research Professor, GW Institute of Public Policy, George Washington University

Paul Saunders*
President, Center for the National Interest

Paul Steidler
Senior Fellow, Lexington Institute

David Teece*
Executive Chairman Emeritus, Berkeley Research Group (BRG)

Miles Yu*
Senior Fellow and Director of the China Center, Hudson Institute