

August 5, 2025



Dear President Trump:

On the international stage you have defended American frontier technology companies from unfair trade practices. Burdensome regulations spearheaded by Europe discriminate against American firms, restricting how they operate while preferencing their domestic firms in the marketplace. As designed, these laws inevitably result in annual fines in the billions of dollars, usually based off global revenue, making American firms, by force, major donors to foreign treasuries.

As these regulations spread, we've brought them to your attention in Europe and Korea. Japan too has passed a law inspired by the EU's Digital Market Act (DMA) that singles out two American tech firms, burdening them with excessive regulations that significantly impact their business practices under the threat of historic fines, while their domestic and foreign competitors face nothing of the kind. We urge you to elevate the discrimination in the Japan Smartphone Act to a primary concern that must be eliminated as you implement the trade deal with Japan.

This act aims to regulate competition in the mobile ecosystem. Yet it carefully tailors the definition of mobile search to exclude the domestic Yahoo Japan, which is visited by 80 percent of Japan's daily internet users. It also carefully excludes Japan's Nintendo and Sony game console platforms which have similar "walled garden" ecosystems, a business practice the Act seeks to eliminate for the American firms. Finally, its tailored scope ensures all other mobile operating systems and app services from third countries such as China are also excluded from the law, a major benefit for them.

These regulations never result in more competition, innovation, or even consumer safety. If that were the case, where are Europe's tech giants? Instead, they result in fines. The Japan Smartphone Act stipulates the first infraction may result in a fine based on 20 percent of revenue, the next infraction 30 percent. Simply put, fines from this Act would be the biggest in Japan's regulatory history.

In addition, a stipulation in the act requires companies to allow in-app "link outs," a significant security issue. To indiscriminately allow "link outs" users, who may at times be children, will be exposed to malware, fraud, scams, and other privacy risks. That's why many of the Japanese and foreign competitors do not allow "link outs". While the American-app marketplaces become impacted by these increased risks, their Japanese and Chinese competitors will benefit.

American companies should have the same market access to Japan as their domestic and foreign competitors and be regulated under the same framework. When considering regulation, Japan should be encouraged to ensure they do not compromise user safety or security, that they protect trade secrets, and preserve the ability for companies to earn revenue.

Last week, the Japan Fair Trade Commission and the European Commission entered into a cooperation agreement on implementing the EU's DMA and Japan Smartphone Act. This is alarming, considering the strong criticism President Trump and other senior officials in the Administration have made about the EU's

discriminatory digital regulations. We need to ensure that American companies are given fair treatment by our allies and not targeted due to expected revenue.

This is a critical moment where American frontier technology firms are bringing the world into a new golden age. With your leadership, since the start of your second term they have announced more than \$1 trillion in U.S. investment for data centers, chip fabs, enterprise manufacturing, and power plants of all types. Your AI Action plan calls for exporting the full technology stack these firms have developed, as they are America's competitive advantage. Yet their success has made them targets of these regulatory schemes that impede their growth and siphon their achievements.

We stand ready to support these efforts to stand up for American interests as our innovators lead us into a new golden age.

Sincerely,

Grover Norquist

President

Americans for Tax Reform

Lorenzo Montanari

Executive Director

Property Rights Alliance

James Erwin

Executive Director

Digital Liberty

Ryan Ellis

President

Center for a Free Economy

Brent Gardner

Chief Government Affairs Officer

Americans for Prosperity

Daniel Erspamer

CEO

Pelican Institute

Paul Gessing

President

Rio Grande Foundation

David Williams

President

Taxpayer Protection Alliance

Kent Kaiser

Executive Director

Trade Alliance

Jacob Jensen*

Trade Policy Analyst

American Action Forum

Karen Kerrigan

President & CEO

Small Business & Entrepreneurship
Council

Tom Giovanetti

President

Institute for Policy Innovation

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