

Europe's Digital Markets Act Faces Uncertainty as Trump Pushes Back

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Trump's trade pressure tests Brussels' credibility in regulating American tech firms with the Digital Markets Act.

A year ago, Europe started enforcing its landmark digital competition regime, taking on Big Tech's dominance with the [Digital Markets Act \(DMA\)](#). This bold move imposes strict obligations on major online platforms designated as "gatekeepers", creating fresh opportunities for businesses and consumers in Europe. [Of the seven designated gatekeepers](#), six are American firms or their subsidiaries, including Alphabet, Apple, Amazon, Booking, Meta, and Microsoft. Unsurprisingly, [the Trump administration scrutinises the DMA](#), threatening trade retaliation to "prevent the unfair exploitation of American innovation."

Yet, Brussels remains resolute. [The European Commission](#) has committed to vigorously enforcing the DMA, compelling gatekeepers to adjust their business practices in Europe—or face hefty fines, restrictions on acquisitions, or even breakups. In Washington, US lawmakers claim, in a [letter to the Commission](#), that these penalties serve two purposes: to pressure tech firms into adopting European standards worldwide and to impose what they see as a "European tax" on American tech giants.

The first claim alludes to the so-called "[Brussels effect](#)," in which EU regulations become *de facto* global standards, shaping corporate behaviour beyond Europe's borders as they often apply to foreign firms doing business in Europe and influence legislative proposals overseas. But so far, the DMA has not triggered this phenomenon. [Gatekeepers have kept their policies unchanged outside Europe](#), and while countries like the US, under the Biden administration, have pursued digital competition reforms, [none have mirrored the DMA](#).

The second claim frames legal sanctions as a hidden tax. President Donald Trump has long criticised Brussels for imposing multibillion-euro competition fines on US firms, including [Alphabet](#) (€8.25 billion), [Apple](#) (€1.8 billion), and [Meta](#) (€797.72 million), which led him to dub former [EU competition Commissioner Margrethe Vestager](#) the "tax lady" during his first term. The EU has also reached commitments with [Amazon](#) and is currently investigating [Microsoft](#).

[EU competition Commissioner Teresa Ribera](#) has dismissed accusations of taxation, stating that penalties are “*not a tax*” but a legal consequence for breaking the rules. Moreover, Europe is not alone in pursuing Big Tech’s anticompetitive behaviours. [American regulators are also pursuing several competition cases against US tech giants](#), with the Department of Justice, the Federal Trade Commission, and multiple states leading the charge.

Regardless of Washington’s grievances, Brussels must now respond to US lawmakers by 10 March, with US-EU trade tensions hanging in the balance. Since returning to office, [President Trump has wielded tariffs as leverage](#), pressuring key trade partners, including Europe, into new trade agreements. To prevent further economic penalties on European goods, [European Trade Commissioner Maroš Šefčovič has made it clear](#): tech regulation is now part of ongoing EU-US trade negotiations.

The future of the DMA is on the line. With potential non-compliance rulings on DMA grounds against [Meta](#) and [Apple](#) expected by 25 March, Brussels must lay out its enforcement strategy for the next four years. The challenge? Balancing firm regulatory oversight with the threat of US retaliation.

Europe will not back down. The Commission is unlikely to pause or weaken enforcement simply to placate Washington. However, it may take a more collaborative approach with gatekeepers and stakeholders—favouring regulatory dialogue, consultations, guidance, and commitments—over aggressive enforcement actions that could escalate tensions. This measured strategy would provide legal clarity for businesses while limiting the risk of a US backlash.

Trade negotiations could also shape the future of the DMA itself. With a mandatory review due next year, the Commission faces a choice: reduce regulatory burdens on gatekeepers to ease transatlantic tensions, or expand obligations to address emerging challenges, such as Artificial Intelligence (AI). Competition authorities worldwide, [including in the US](#), are worried that AI might strengthen Big Tech’s market power and have launched several competition investigations in the AI sector to understand its market and regulatory developments. [Some European lawmakers](#) are thus pushing for tougher rules under the DMA, arguing that AI’s rapid evolution demands stronger oversight to prevent future entrenched dominance in AI. But any move to tighten regulations could provoke further US reaction, [particularly as the AI race between China, the US, and Europe intensifies](#), with the US determined to lead.

While the DMA future is uncertain, one thing is clear: the DMA is no longer just a competition policy instrument. It has become a geopolitical bargaining chip in EU-US relations, one that will test Brussels' credibility in the face of mounting pressure.

About

Digital Competition

Digital Competition (<https://www.digital-competition.com/>) is a research and strategy consulting firm dedicated to promoting open digital and competition policies that foster innovation for businesses, law firms, and government agencies. Led by Dr. Christophe Carugati, a passionate and impartial expert in digital and competition policy, the firm combines expertise in law, economics, and policy to deliver cutting-edge research, strategic consulting, think tank initiatives, tailored training programmes, and impactful conferences. Digital Competition is committed to addressing the most pressing challenges in the rapidly evolving landscape of digital and competition policies. This analysis was conducted independently and did not receive any funding.

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