



15.04.2026

Response to Section 301 Investigations on Structural Excess Capacity

DIGITALEUROPE, representing a total of 56,000 companies, notes with concern the inclusion of the European Union in the Section 301 investigations launched by the United States Trade Representative into potential excess industrial capacity. While addressing global market distortions is important, there is no evidence of economy-wide structural overcapacity in the EU. Capacity in Europe is market-driven and constrained by the EU's strict state-aid and competition rules, with investment guided by commercial demand and technological progress rather than state direction. There is a functioning legal system in the EU. If there were instances of non-market practices then these could and would be remedied through functioning legal channels.

We call on the United States to distinguish clearly between nonmarket distortions and close, rules based partners like the EU, operating transparently and bound by international obligations, including the WTO Subsidies Agreement. Such a distinction would support a balanced and constructive approach in the context of these investigations. Any potential measures should avoid undermining existing agreements, including the Turnberry framework, and important wins for the digital industries, notably the commitment to negotiate an EU-US Cyber Mutual Recognition Agreement.

Broad tariffs would increase costs for both US consumers and businesses, while also generating negative downstream effects across the transatlantic digital ecosystem. The unintended impact of these measures would distract from our common objective of addressing true structural distortions around the world.

The transatlantic technology relationship is a cornerstone of the global economy. EU and U.S. firms co-innovate in semiconductors, cloud infrastructure, AI, and energy tech, building resilient supply chains and competitiveness. Given the lack of evidence of economy-wide structural overcapacity in the EU, additional tariffs would risk being unnecessary and counterproductive to our shared goal of resilient, competitive transatlantic supply chains.

