

Congress of the United States
Washington, DC 20515

September 30, 2024

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, D.C. 20220

The Honorable Katherine Tai
United States Trade Representative
600 17th Street NW
Washington, D.C. 20508

The Honorable Antony Blinken
Secretary
U.S. Department of State
2201 C St. NW
Washington, D.C. 20520

Dr. Lael Brainard
Director
National Economic Council
1600 Pennsylvania Ave NW
Washington, D.C. 20500

Dear Secretary Yellen, Secretary Blinken, Ambassador Tai, and Director Brainard:

We write as members of the Michigan delegation to express our disappointment in Canada’s decision to move forward with implementing a retroactive and discriminatory digital services tax (DST) that threatens to harm American workers and companies. As the Office of the United States Trade Representative (USTR) has stated before, DSTs like this one—that single out American firms for taxation—pose serious concerns to the United States. We welcome USTR’s recent request for dispute settlement consultations under the United States-Mexico-Canada Agreement (USMCA) and encourage the Biden Administration to keep all options on the table to respond to this discriminatory unilateral measure.¹

As Members of Congress representing Michigan, we understand firsthand the impact of the bilateral trade relations between the United States and Canada. For example, the Ambassador Bridge, located in Detroit, MI, regularly facilitates the shipment of automotive and agricultural products, accounting for nearly a third of annual trade.² Moreover, the United States is Canada’s leading trading partner, exporting north of \$400 billion in goods in 2022.³ The strain on bilateral trade relations resulting from this DST could harm future commerce.

¹ “United States Requests USMCA Dispute Settlement Consultations on Canada’s Digital Services Tax.” *Office of the United States Trade Representative*, Executive Office of the President, 30 Aug. 2024, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2024/august/united-states-requests-usmca-dispute-settlement-consultations-canadas-digital-services-tax#:~:text=In%20addition%20to%20regular%2C%20high,and%20again%20in%20September%202023.>

² Vieira, Paul, and Jacquie McNish. “Truckers ‘Freedom Convoy’ Protests Disrupt Ambassador Bridge on U.S.-Canada Border .” *The Wall Street Journal*, 9 Feb. 2022, www.wsj.com/articles/covid-vaccine-protests-disrupt-traffic-on-u-s-canada-bridge-11644351229.

³ “Canada - Market Overview.” *International Trade Administration*, U.S. Department of Commerce, 3 Nov. 2023, www.trade.gov/knowledge-product/canada-market-overview#:~:text=U.S.%20exports%20of%20goods%20and,increase%20of%2016.7%25%20from%202021.

Canada's unilateral decision to move forward with the DST also undermines the global consensus represented by the work of the Organization for Economic Co-operation and Development (OECD), where last year, nearly 140 countries working to update international tax rules for the digital economy agreed to a one-year moratorium on harmful and discriminatory DSTs.

USTR's recent request for dispute settlement consultations with Canada on this DST is a welcome development. We urge you to work with the Government of Canada to quickly resolve the United States' concerns. We also encourage USTR to continue reviewing all available options, including its legal authority under Section 301 of the Trade Act of 1974, to address the risks associated with DSTs.

The strategic partnership between the United States and Canada is a beacon of hope and prosperity in the Western Hemisphere—the United States has no closer friend, partner, or ally than Canada. However, we are concerned that the discriminatory, unilateral, and retroactive nature of this DST risks undermining this very relationship.

We look forward to working with you to protect American workers and businesses and look forward to your response.

Sincerely,



Bill Huizenga
Member of Congress



Daniel T. Kildee
Member of Congress



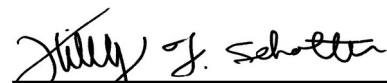
Lisa C. McClain
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