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Abstract

This paper examines the clash between the European Union and the Trump administration over Big Tech and AI regulation, focusing on the record fine imposed on Google. It contrasts the U.S. ex post and the EU ex ante regulatory approaches, underscoring the risks of both under- and overregulation. Defending Europe's digital sovereignty—through instruments such as the DSA, DMA, and ACI—is crucial to ensuring the Union's future autonomy and competitiveness.

The significance of the Google case

The European Commission's decision to impose a record fine of €2.95 billion on Google for abusing its dominant position in the digital advertising sector, announced in September 2025, marked a new phase in Europe's regulation of Big Tech. According to a Brussels executive, the American company exploited its near-total control over the online advertising supply chain—from the platforms used by advertisers to the tools employed by websites—to favor its own services and hinder competitors. The investigation, launched in 2021, confirmed that this dominant position had restricted competition and harmed European users (European Commission, 2025a).

This case is crucial for several reasons. First, digital advertising has for years been the economic engine of the Internet, financing much of the content and services that today are free for users. Although its share has been declining compared to the past, it remains a primary source of revenue for Google (Alphabet, 2024). The issue therefore concerns a critical segment of the Californian giant's business model.

The Commission, however, did not limit itself to imposing a financial penalty. It demanded that Google immediately cease the contested practices and implement concrete measures to eliminate

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conflicts of interest. Many observers argue that the only truly effective remedy would be a structural intervention, such as the divestiture of part of Google's AdTech business (Crémer, de Montjoye & Schweitzer, 2019). Fines alone, however high, have not in the past altered the behavior of Google and other major platforms, since they represent only a tiny fraction of their global revenues.

In this regard, the Google case becomes a litmus test to assess whether the EU is truly willing and able to deploy more forceful tools, even at the cost of opening unprecedented scenarios such as the dismantling of Big Tech's strategic activities.

The U.S. and Europe: two different approaches to regulation

Interestingly, the European case finds a parallel in the United States. A federal court recently upheld the main charges brought by the Department of Justice (DOJ) against Google for unlawfully maintaining a monopoly in display advertising. The trial, scheduled for fall 2025, could pave the way for very severe corrective measures (U.S. Department of Justice, 2024).

The convergence between European and American authorities demonstrates that the problem of Big Tech's market power is not limited to Europe but represents a global and systemic challenge, one destined to shape the future of digital competition (Wu, 2018; Khan, 2021). Yet the U.S. and Europe remain divided in their regulatory models. The American approach is to regulate only *ex post*, once a company and/or industry has grown large and important enough, thereby fostering the growth potential and innovative capacity of new sectors. The European method, by contrast, intervenes early—even as an innovative sector is emerging—with widespread and intrusive regulations. This approach greatly reduces potential risks, including the most negative ones, but at the cost of stifling and discouraging innovation. As one scholar put it: “The U.S. tends to regulate too little and too late, while Europe does too much, too soon” (Rajan, 2025).

The clash with Trump and Big Tech

It might still be possible to extract international benefits from these two different approaches through targeted interventions, adequate resources, and strong incentives. But the return of Trump has made everything more difficult, fueling growing transatlantic tensions. This is because the Trump administration opposes any form of regulation of Big Tech. Hence the harsh accusations against the EU for allegedly penalizing U.S. firms with disproportionate fines and excessively invasive rules (The Wall Street Journal, 2025). Trump himself, on multiple occasions, threatened to impose tariffs in retaliation, denouncing what he views as a form of disguised protectionism.

The debate extends beyond Google: Apple, Meta, and X have also come under the European Commission's scrutiny. At the same time, several member states—including France, Italy, and Spain—

have introduced national digital services taxes in an effort to rebalance power relations with global giants (OECD, 2023).

The fine against Google therefore carries a clear political significance. In some cases, as with Meta, companies have even explicitly requested Washington's intervention to exert political pressure on Brussels. According to internal sources, the Commission had at one point even considered postponing the announcement of the fine because of U.S. tariff threats. Trade Commissioner Šefčovič reportedly urged caution, but the final decision was not to back down.

European digital regulation

The EU's decision carries a dual meaning: on the one hand, the will to demonstrate firmness in the face of large tech platforms, and on the other, the reaffirmation of its regulatory autonomy.

Over the past decade, digital regulation policy has become a cornerstone of the EU's overall strategy (Bradford, 2020). The approach has evolved dramatically: from a patchwork of sectoral interventions, such as the Copyright Directive, to broad and horizontal regulatory frameworks such as the Digital Services Act (DSA), the Digital Markets Act (DMA), and the AI Act (AIA). These laws do not merely regulate specific behaviors but aim to redesign the entire European digital ecosystem, tackling issues such as fair competition, algorithmic accountability, and consumer protection (European Commission, 2023; European Parliament, 2024).

Under both the DMA and the DSA, the Meta Group, for instance, is now at the center of Commission investigations and risks significant fines.

It is therefore not surprising that European regulation has long been a source of friction with Washington, and more recently with the Trump administration, which interprets it as nothing more than a non-tariff barrier to free trade. The fact is that the American administration simply wants to eliminate any obstacle that could stand in the way of further expansion of large U.S. tech firms. For this reason, most of America's Big Tech companies have closely aligned themselves with Trump from the very first day of his inauguration.

In reality, the EU's objective is to steer technological development toward criteria of sustainability, transparency, and security—values that often clash with Big Tech's logic of immediate profit.

Excessive regulation

U.S. criticism and threats are part of a broader debate that has gained momentum in Europe in recent years: the accusation that the EU has overregulated the technological and digital sphere. Many blame

this overregulation for Europe's weak competitiveness and limited innovative capacity in the digital sector.

There is no doubt that the EU must improve both the bureaucratic structure and the application of its rules. It is equally evident that many existing digital rules impose an excessive bureaucratic and administrative burden.

Excesses arise when: (i) multiple layers of administrative obligations proliferate, with redundant demands on companies, especially SMEs; (ii) implementation timelines are too long, and in a digital economy, slowness often amounts to ineffectiveness; (iii) national fragmentation adds further constraints, creating a regulatory patchwork that is difficult to manage; (iv) technical standards lack clarity, forcing companies into divergent interpretations and costly subsequent adjustments.

In all these cases, regulation creates more uncertainty than certainty, discouraging investment and pushing companies to concentrate resources on bureaucratic compliance rather than on research and innovation.

The European Commission is already addressing these issues. It has approved several “omnibus” packages to streamline obsolete or overlapping rules. It has also launched a review aimed at simplifying digital competition rules for Big Tech. Moreover, it is collecting feedback on how the various regulations have worked so far and in what direction they should be reformed and simplified. In this regard, the Commission has pledged to review them by mid-2026 (European Commission, 2025b).

All of this is important and must be done and done quickly. But it must not lead to dismantling the European regulatory framework for digital technologies—let alone to satisfying the wishes of the Trump administration and Big Tech itself.

The rules that matter

It must be recognized that an adequate level of regulation addresses concrete needs and cannot be dismissed as mere formalism. Certain areas are particularly crucial to regulatory intervention: (i) in competition and antitrust, without tools such as the Digital Markets Act, large gatekeepers could entrench their monopolies, stifling smaller rivals and preventing the emergence of local innovation; (ii) the GDPR, in terms of data protection and privacy, has set a global standard in safeguarding personal information, strengthening citizens' trust and opening space for business models based on transparency (Bradford, 2020); (iii) in the field of algorithmic accountability, regulating the use of artificial intelligence means ensuring that automated decisions—in healthcare, employment, or the judiciary—respect principles of fairness and non-discrimination; (iv) finally, the Digital Services Act introduces obligations of oversight and transparency to limit the spread of disinformation, hate

speech, and illegal products, thereby protecting online safety and content, and ultimately users and the democratic system itself (European Commission, 2023).

Europe therefore needs laws designed to steer digital technologies and innovation toward objectives of public interest—sustainability, transparency, and security—while also reducing risks for citizens and businesses. In these fields, regulation is not an obstacle but an indispensable condition for a safe, fair, and competitive digital ecosystem. A clear, coherent, and rigorously enforced regulatory framework can also become a competitive advantage by reducing uncertainty and attracting new investment.

Europe's weak digital competitiveness

Streamlining and simplifying European digital rules to make them faster and more effective is both useful and necessary. This requires distinguishing between “excessive rules” that should be pruned because they impose undue bureaucratic burdens, and “fundamental rules” that must be consolidated because they are essential for governing digital technologies. Such a distinction is critical to correctly orient regulatory interventions and needed adjustments.

It is clear that indiscriminate deregulation would likely produce perverse effects, namely strengthening the monopoly power of global platforms and weakening core European values such as data protection and corporate accountability. Moreover, excessive regulation is often the result less of Brussels than of the patchwork created by national legislation.

Above all, Europe's weak competitiveness in the digital sphere cannot be attributed—contrary to the claims of many—solely to regulatory excess. According to the European Investment Bank, the main causes lie not simply in an overload of EU laws but in well-known structural distortions and obstacles, such as a shortage of skilled labor, high energy costs, and above all the fragmentation of European capital markets (European Investment Bank, 2023). Regulation plays a role, but a lesser one.

It is therefore on these fronts that action is needed to strengthen Europe's ability to compete in the digital domain, which remains an undeniably fundamental goal.

What strategy for Europe?

In light of renewed U.S. threats to impose tariffs in retaliation for European regulations and digital taxes, the EU now faces a strategic crossroads. On the one hand, it must avoid another debacle like that of August 2025, when Brussels was forced to accept the imposition of 15% U.S. tariffs on sensitive industrial goods in order to prevent a trade escalation and Trump's feared retaliation against Europe's weak defense posture. On the other hand, it must resist this time, refusing to give in to U.S. blackmail and coercion by deploying a more effective and assertive negotiating strategy.

Three strategic directions appear crucial. First, credible deterrence: the EU must clearly and promptly prepare tariff countermeasures while also activating the Anti-Coercion Instrument (ACI), the most powerful trade tool at its disposal, which allows the Union to impose heavy sanctions—such as exclusion from public procurement or restrictions on royalty flows—on third countries that employ coercive economic measures, as in the case of the United States (Council of the EU, 2023).

Second, the EU needs internal unity and cohesion, since only a united European front can prevent the U.S. from exploiting divisions among member states. It should be noted, however, that approval of the ACI requires only a qualified majority of member states, even if the activation procedure remains lengthy and complex.

Finally, Europe must build global alliances to reduce geopolitical isolation, both by strengthening cooperation with other regulatory powers such as Japan and India, and by multiplying trade agreements with regions and countries of the Global South—starting with the swift ratification of the agreement with Latin American countries (Mercosur).

The stakes today are truly high, and the EU cannot afford to retreat. At issue are the credibility of the Union's regulatory capacity and its resolve to defend a model of digital governance grounded in transparency, competition, and the protection of fundamental rights. In other words, this is about defending Europe's digital sovereignty—a key component of its competitiveness and strategic autonomy.

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