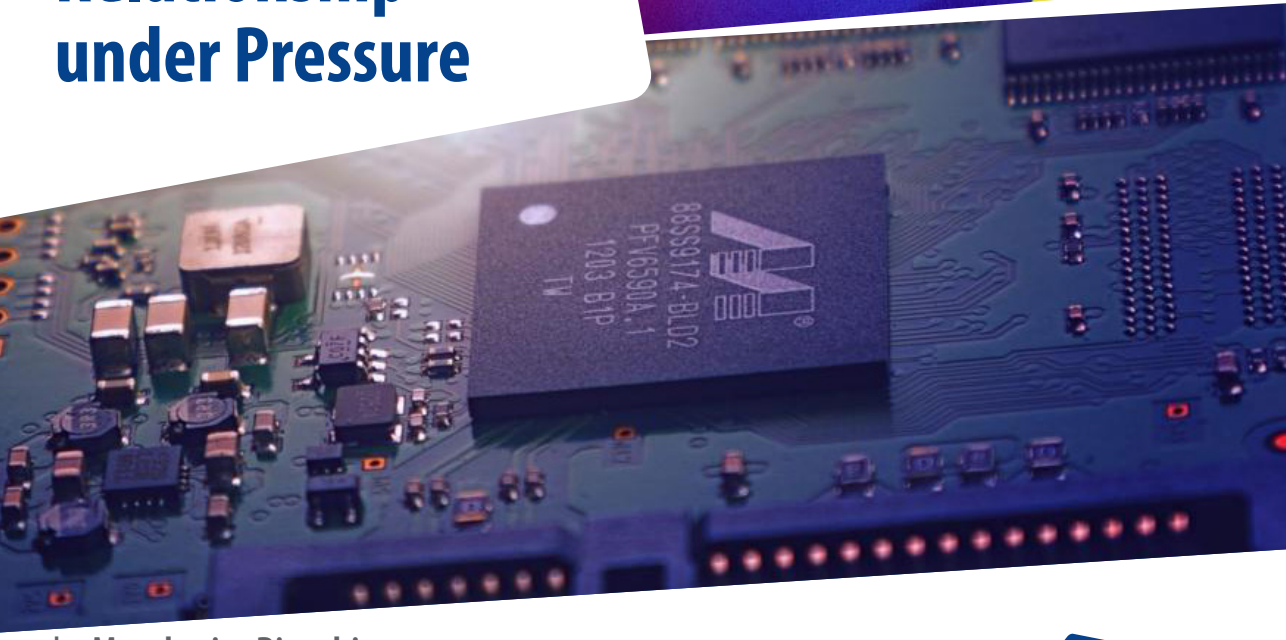
Mapping EU-US Digital and Energy Cooperation: A Transatlantic Relationship under Pressure



by **Margherita Bianchi**

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Introduction

Transatlantic cooperation between the European Union and the United States in the digital and energy sectors is experiencing a critical phase. Donald Trump's return to the US presidency in January 2025 has triggered a radical reconfiguration of transatlantic dynamics, placing decades of technological and energy cooperation under unprecedented strain. While the previous Biden administration had sought to rebuild bridges with European allies through multilateralism and institutional cooperation, the new administration has embraced an aggressive unilateralism that amplifies the 'America First' policy of Trump's first term. Washington has abandoned the multilateral approach in favour of a strategy that uses tariffs and sanctions as instruments of coercion not only toward adversaries, but also toward European allies.

In the technology sector, the change of course was immediate and drastic. The executive order of 23 January 2025, signed just three days after Trump took office, revoked all provisions on artificial intelligence (AI) regulation introduced by the previous administration, replacing them with an approach centred exclusively on innovation and competitiveness. It tried to remove, in particular, what the administration defines 'regulatory obstacles'.[1] This pro-deregulation philosophy extends to the entire digital ecosystem; it sees any form of regulation as a brake on American leadership through technological supremacy. Even more significant is the weaponisation of trade and investment as a foreign policy instrument. Tariff threats, which during Trump's first term had been used primarily against China, have become a systematic tool to force the EU to modify its regulatory policies in the digital sector.

1 White House, *Removing Barriers to American Leadership in Artificial Intelligence*, 23 January 2025, https://www.whitehouse.gov/presidential-actions/2025/01/removing-barriers-to-american-leadership-in-artificial-intelligence.

On energy the situation is similar. On 27 July 2025, during a meeting in Scotland,[2] Trump and von der Leyen announced what the American president defined as "the biggest energy deal" of decade. According to the announced terms, the European Union committed to purchasing 750 billion US dollars of American energy over three years, equivalent to 250 billion per year. This package was to comprise liquefied natural gas (LNG), oil and nuclear technologies, including promising small modular reactors. In exchange for this massive commitment, the Trump administration agreed to reduce tariffs on European goods from 30 per cent to 15 per cent, though steel and aluminium remained subjected to higher tariffs. Additionally, the European Union committed to facilitating 600 billion US dollars of EU investment in the United States by 2028.

1. The crisis of digital cooperation

Faced with this offensive, the European Union is seeking a balance between asserting its own regulatory sovereignty and maintaining transatlantic relations that it sees as vital for the continent's security and economy. Formally, the European Union has maintained its regulatory line, further committing on its scheduled implementation, as publicly and repeatedly declared by the European Commission. However, fears of American commercial retaliation are slowing effective enforcement of these rules.

1.1 Governing digital platforms: Transatlantic clash

Bitter and visible confrontation are emerging on the regulation of digital platforms through the Digital Services Act (DSA) and the Digital Markets Act (DMA), two pillars of the European strategy to govern the digital ecosystem. These regulations, which entered into force between 2022 and 2024, represent the most ambitious attempt in the world to subject major technology platforms to obligations of transparency, content moderation and fair competition with the aim of protecting online users. The Trump administration's offensive against these rules began immediately. In February 2025, just one month

2 O'Carroll, Lisa, "Trump and von der Leyen Announce US-EU Trade Deal", in *The Guardian*, 28 July 2025, https://www.theguardian.com/p/x2zydg.

after inauguration, a presidential memorandum defined the DSA and DMA as "discriminatory" trade barriers that unfairly target American companies and as such may be subject to retaliatory tariffs.[3] A reconciling attempt was sought through a framework agreement between the EU and the US which included a commitment to "address unjustified digital trade barriers".[4] In May, the offensive of the State Department intensified: it launched a systematic lobbying campaign with EU member state governments, seeking to exploit internal divisions within the continent to modify or weaken content moderation rules. The peak of tension was reached in August 2025, when Trump publicly threatened "substantial additional tariffs" on all European products and even visa restrictions targeting European Union officials involved in implementing digital rules.[5] These threats were not abstract: the administration began compiling lists of possible targets for individual sanctions.

European resistance, at least formally, has been firm. The European Union opened over sixty enforcement proceedings in the first year of DSA application, with thirteen cases against TikTok, eight against Meta and five against X.[6] On 23 April 2025, the European Commission issued its first noncompliance decisions under the new rules, fining Apple 500 million euros and Meta 200 million euros for violations related to App Store restrictions and data collection practices, respectively.[7]

American technology platforms, for their part, have seized the opportunity offered by the change of administration in Washington. Mark Zuckerberg, Meta's CEO, has publicly framed European fines as equivalent to unfair trade tariffs, deliberately fuelling Trumpian rhetoric. Elon Musk has repeatedly accused Brussels of practicing "censorship" through the DSA, transforming a regulatory question into an ideological battle over freedom of expression.

3 Scott, Mark, "Trump Squares off with Brussels over Its Digital Rulebook", in *Tech Policy Press*, 28 August 2025, https://www.techpolicy.press/trump-squares-off-with-brussels-over-its-digital-rulebook.
4 United States and EU, *Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair and Balanced Trade*, 21 August 2025, https://policy.trade.ec.europa.eu/node/1881_en.
5 Pamuk, Humeyra, "Exclusive: Trump Administration Weighs Sanctions on Officials Implementing EU Tech Law, Sources Say", in *Reuters*, 6 August 2025, https://www.reuters.com/world/us/trump-administration-weighs-sanctions-officials-implementing-eu-tech-law-sources-2025-08-26.
6 Kroet, Cynthia, "EU Resists Renewed Trump Pressure to Shift Digital Rules", in *Euronews*, 7 August 2025, https://www.euronews.com/next/2025/08/07/eu-resists-renewed-trump-pressure-to-shift-digital-rules.
7 Naas, Penny et al., "The EU's Digital Markets Act and Digital Services Act. An Explainer for Transatlantic Policy", in *GMF Insights*,15 October 2025, https://www.gmfus.org/node/24735.

1.2 Artificial intelligence: Complete divergence

The European AI Act, formally approved in 2024 after years of negotiation and gradually entering into force in 2025, represents the most comprehensive and detailed regulatory framework in the world for AI governance. The regulation envisaged by the AI Act is risk-based: AI systems are categorised into increasing risk levels, with obligations proportional to the systems' potential danger to fundamental rights and citizen safety.

The Trump administration's approach on regulation is the exact opposite of the EU one. The executive order of 23 January 2025 bears the eloquent title "Removing Barriers to American Leadership in Artificial Intelligence".[8] The document systematically eliminates all oversight and risk mitigation requirements introduced by the Biden administration, although they were much more modest than the EU regulatory measures. The Trump administration frames AI exclusively as a matter of national competitiveness and economic dominance.

While the implementation of the AI Act appears to be progressing well and in line with the scheduled three-year implementation period, American pressure has continued to be intense. Pursuant to the established timeline, in February 2025 the EU prohibitions on AI systems categorised as posing an unacceptable risk were enacted, and in July 2025 the General-Purpose AI Code of Practice was released. In April 2025, the Trump administration had sent formal letters to the European Commission and member governments to specifically oppose the Code of Practice for AI, a crucial technical instrument to translate AI Act principles into concrete operational obligations for companies. European parliamentarians who negotiated the AI Act, such as Italy's Brando Benifei, have denounced attempts to "water down" obligations that were designed as binding, transforming them into voluntary guidelines.[9]

8 White House, *Removing Barriers to American Leadership in Artificial Intelligence*, cit.

9 Meyer, David, "Don't Water Down Europe's AI Rules to Please Trump, EU Lawmakers Warn", in *Fortune*, 26 March 2025, https://fortune.com/2025/03/26/eu-ai-act-code-of-practice-disinformation-election-benifei-trump-appease-tech-lobbying.

Despite these pressures, further steps down the path of the implementation of the AI Act have been taken. In August 2025, specific obligations for general-purpose AI models entered into force. Commission spokesperson Thomas Regnier forcefully reiterated: "There is no stop the clock. There is no grace period. There is no pause."[10] But political pressure to delay effective enforcement, especially vis-à-vis major American AI companies, is intense and still growing.

1.3 Semiconductors: Cooperation under strain

In the semiconductor sector, the situation is more nuanced but no less problematic. At first glance, transatlantic cooperation should be easier to maintain in this sector. Both the United States and Europe share a clear strategic objective: reducing dependence on Taiwan, which currently produces over 90 per cent of the world's most advanced chips.[11] A conflict in the Taiwan Strait would suddenly interrupt the supply of components essential for everything from automobiles to smartphones to weapon systems. Both sides of the Atlantic have launched massive subsidy programs to rebuild domestic production capacity. The US CHIPS Act of 2022 allocated 52.7 billion US dollars, while the EU Chips Act of 2023 mobilised 43 billion euros. The two pieces of legislation share the same goals: increase local production, reduce geopolitical risks, maintain technological advantage over an increasingly assertive China in the sector.

Institutional mechanisms even exist at the transatlantic level to coordinate these efforts, but they are currently stalled due to the uncertainties of the political situation. The Trade and Technology Council (TTC) established an early warning system and transparency mechanism to coordinate semiconductor supply chains. The idea was that the United States and Europe would share real-time information on component shortages, production disruptions and market dynamics, allowing coordinated rather than competitive responses.

10 Foo, Yun Chee, "EU Sticks with Timeline for AI Rules", in *Reuters*, 4 July 2025, https://www.reuters.com/world/europe/artificial-intelligence-rules-go-ahead-no-pause-eu-commission-says-2025-07-04.
11 Benson, Emily et al., "Transatlantic Cooperation on Semiconductors and AI in 2024", in *CSIS Critical Questions*, 17 January 2024, https://www.csis.org/node/108943.

The challenges in the Trump era are multiple and growing. Projects announced with great fanfare are proving much more difficult to realise than anticipated. Intel has postponed construction of its mega-factory in Germany by over two years. Wolfspeed has indefinitely delayed its European expansion plans. These delays are not primarily technical but reflect uncertainty about the future of the European market and concerns about transatlantic tensions.

The biggest risk is a 'subsidy race' with the United States and Europe competing to attract the same companies and projects by offering increasingly generous incentive packages. This scenario would go against any cooperative logic, the same multinationals would be subsidised by both US and EU taxpayers.

Trump's tariff threats further complicate the picture. Although the semiconductor industry has been relatively spared from trade wars so far, there is no guarantee that this will continue. Trump has repeatedly demonstrated his willingness to apply tariffs even to critical technology components if he believes this can provide negotiating leverage. Moreover, the US CHIPS Act devoted only 500 million US dollars to international cooperation.

There are still areas of potential collaboration that could survive political tensions. Research and development on advanced technologies like extreme ultraviolet (EUV) lithography and the next-generation high-NA sees fruitful collaborations between American and European research centres.[12] Development of common technical standards and certifications for chips is in everyone's interest. Transatlantic coordination on export controls toward China remain of mutual benefit. Co-investments in complementary supply chain nodes makes economic and strategic sense. However, this requires a level of strategic coordination and mutual trust that is nowadays in short supply.

12 Greenacre, Martin, "Industry Calls for More Transatlantic Cooperation in Semiconductor Research", in *Science Business*, 14 December 2024, https://sciencebusiness.net/news/semiconductors/industry-calls-more-transatlantic-cooperation-semiconductor-research.

2. The energy crisis: From interdependence to transaction

2.1 The July 2025 EU-US energy deal

In 2024, the European Union's total energy imports from the United States amounted to about 76-80 billion US dollars.[13] The target of 250 billion per year announced in July 2025 in Scotland would require more than tripling these purchases instantly. Additionally, European demand for energy, and particularly natural gas, is not growing. On the contrary, it is projected to structurally decline in coming years.

This decline is driven by two fundamental factors. The first is the objectives of the European Green Deal and the new Clean Industrial Deal, which aim for a massive transition toward renewable energy and energy efficiency.[14] The second factor is economic: European energy companies make decisions based on market dynamics, and the European Commission does not have the power to force private energy companies to buy which supplies and from which countries.

On the supply front, the problems are equally fundamental. US LNG terminals are already operating at full or near-full capacity. There is no excess capacity that can be immediately redirected toward Europe. New liquefaction capacity will come online between 2026 and 2028, when several massive projects currently under construction are completed.[15]

LNG has become the symbol of this complex transatlantic transaction, and understanding its dynamics is essential to comprehend where the EU-US energy relationship is heading. In 2024, the United States became the main

13 Kimballl, Spencer, "Trump's EU Trade Deal Is Based on Massive Energy Purchases that Are Unlikely to Materialize, Analysts Say", in *CNBC*, 29 July 2025, https://www.cnbc.com/2025/07/29/trump-eu-trade-deal-energy-gas-oil-lng-nuclear.html.

14 Vohra, Anchal, "Trump's Trade Deal with Europe Is Already Unraveling", in *Foreign Policy*, 15 September 2025, https://foreignpolicy.com/2025/09/15/trump-trade-deal-european-union-energy.

15 Gurzu, Anca, "Selling More American Gas to Europe: What's Possible and When", in *Cipher News*, 29 January 2025, https://www.ciphernews.com/?p=9661.

LNG supplier to the European Union, surpassing Russia which had dominated the European gas market for decades. In the first half of 2025, 51 per cent of the European Union's LNG imports came from the United States, compared to 17 per cent from Russia and 11 per cent from Qatar.[16]

This dramatic change was driven by the war in Ukraine and the European decision to progressively reduce dependence on Russian gas. The European Union committed to completely eliminating Russian gas imports by 2028, creating a gap of about 25 million tons per year that will need to be filled with other sources. American LNG was the most obvious and immediate answer to this problem, and imports increased dramatically already from 2022.

2.2 The climate dimension

The divergence on climate objectives between the two sides of the Atlantic has never been as deep as in 2025. While the European Union maintains on paper its environmental commitments, the United States under Trump has undertaken what many observers define as total war against climate policies.

Europe remains formally committed to objectives that are among the world's most ambitious. The Clean Industrial Deal, presented in 2025, seeks to reconcile industrial competitiveness and environmental sustainability, starting from the premise that these two objectives are not in contradiction but can mutually reinforce each other. The strategy provides for progressive increase in renewable energies. The United States under the Trump administration has taken a diametrically opposite direction. One of the new government's first acts was creating a National Energy Council with the explicit mandate of establishing American "energy dominance".[17] The administration has launched massive incentives for oil and gas drilling, systematically eliminated environmental regulations inherited from the Biden era, and withdrawn the United States from every international climate commitment.

16 Eurostat, *Increase in Imports of Liquified Gas, Drop in Petroleum*, 26 June 2025, https://ec.europa.eu/eurostat/en/web/products-eurostat-news/w/ddn-20250626-2.

17 White House, *Establishing the National Energy Dominance Council*, Executive Order, 14 February 2025, https://www.whitehouse.gov/presidential-actions/2025/02/establishing-the-national-energy-dominance-council.

3. Scenarios for 2026-2028

Looking at the coming years of Trump's presidency, two main scenarios capture the range of possibilities for the transatlantic relationship in digital and energy sectors.

3.1 Scenario A: Precarious compromise

In this scenario, Europe substantially yields to American pressures, but in a gradual and partial way to maintain appearances of having defended its principles. The European Union significantly softens DSA and DMA enforcement, finding technical explanations to delay decisions on major fines or to accept that platforms limit themselves to voluntary commitments, thus renouncing to apply sanctions.

European energy purchases from the United States increase but remain well below the target of 750 billion US dollars. Cooperation on AI continues formally through the TTC, but is substantially ineffective, with the two parties proceeding on separate parallel tracks.

In this scenario there is a gradual erosion of European regulatory autonomy. By 2028, Europe will have formally maintained its laws, but in practice they will be applied so weakly that American Big Tech can essentially operate as they wish. European digital sovereignty becomes a legal fiction without real content.

3.2 Scenario B: Controlled escalation

In this scenario, Europe decides to hold the line on digital regulation, proceeding with DSA enforcement despite American threats. Trump responds by imposing 20-30 per cent tariffs on broad categories of European goods, triggering a limited but painful trade war.

Both parties seek to control escalation, creating sectoral exemptions and carve-outs to minimise economic damage. European agriculture might be hit hard, but semiconductors could be exempted because both parties recognise

interdependence. The financial services sector might receive special treatment to avoid systemic instability.

Meanwhile, Europe dramatically accelerates its digital sovereignty programs. Massive investments flow toward Gaia-X, IRIS2 and European AI champions. By 2028, Europe will have reduced its dependence on American digital infrastructure.

The result is partial transatlantic decoupling causing significant but not catastrophic economic damage for both parties.

3.3 Most probable scenario

The most realistic scenario is an intermediate one – between A and B. Europe will make tactical compromises on enforcement of its regulatory framework, accepting longer transition periods and softer interpretations of some DSA provisions. A complete transatlantic rupture will be avoided.

On energy, purchases of US energy products will increase moderately, allowing Trump to claim partial success while Europe pursues diversification and accelerates its energy transition towards renewables.

This intermediate scenario represents neither European sovereignty triumph nor complete capitulation: it rather marks a managed decline of transatlantic cooperation accompanied by growing European autonomy in selective areas. It is unsatisfactory for both parties but offers perhaps the only politically sustainable path given the constraints they face.

Despite tensions, cooperation on chips maintains a strategic logic. The common threat from China, – whose Made in China 2025 plan aims for 80 per cent chip self-sufficiency by 2030 – continues to provide incentives for coordination. Coordinated export controls have proven effective against companies like Huawei and SMIC, demonstrating the value of transatlantic alignment in this domain.

Limited but continuing cooperation exists on protection of critical infrastructure from cyber-threats, synchronisation of Baltic States' electricity networks with the Continental European Network, and the establishment of common resilience standards for energy systems. These technical collaborations continue largely beneath the political radar, maintaining functional coordination even as high-level relationships deteriorate.

Scientific collaborations continue in fusion nuclear technologies, advanced materials for batteries, fundamental AI research at universities and research centres, and climate modelling and earth observation. The scientific community benefits from professional networks and collaborative projects that transcend political tensions, though funding uncertainties and visa restrictions increasingly complicate these relationships.

Conclusions

Europe must rapidly find a new balance by pursuing policies that are autonomous enough to resist undue pressures, cooperative enough to preserve essential ties, and strategic enough to build credible alternatives. This is a daunting challenge in a time of global polycrisis. The question is no longer whether the transatlantic relationship will change, but whether Europe can manage this change in ways that preserve its security, prosperity and values. The answer will define Europe's role in the 21st century and shape the future of democratic governance of technology and energy worldwide.

On digital cooperation Trump's provocations have created a sense of urgency about Europe's digital dependence on US infrastructures, as illustrated by the case of cloud services, 92 per cent of which are controlled by US companies. The concept of digital autonomy has long been discussed in European policy circles, but implementation has lagged behind rhetoric. However, the risk of inefficient protectionism should be averted. The EU should aim at reducing structural dependence on American digital infrastructure while maintaining openness to global innovation and competition. On energy, Europe requires genuine diversification combined with accelerated transition to renewable energy. A multi-source LNG strategy acknowledges political reality while pursuing genuine energy security. While increasing US LNG imports satisfies

immediate political needs and diversifies away from Russian gas, Europe has simultaneously contracts with Qatar, Norway, Azerbaijan and emerging African producers. This diversification strategy must be accompanied by transparent energy diplomacy that clearly communicates to Washington that diversification represents pro-security policy rather than anti-American positioning. Beyond diversification of suppliers, accelerated renewable deployment offers the most robust path to genuine energy security.

The picture is further complicated by the growing erosion of multilateral institutions and by the setbacks in previously shared initiatives, as shown by the declining effectiveness of forums such as the Trade and Technology Council and the Energy Council in the face of American unilateralism. These developments also have medium-term consequences: with two dominant blocs (US and China) and Europe attempting an increasingly difficult third way, inefficiency and uncertainty are heightened. Multinational companies are forced to navigate incompatible frameworks with multiplied costs. Innovation is hamstrung by regulatory uncertainty and market fragmentation that slow investments and technology adoption.

In sum, Europe faces the dual challenge of strengthening strategic autonomy while preserving essential transatlantic cooperation. Success will depend on clear priorities, credible alternatives in technology and energy, and the ability to navigate a fragmented and highly competitive global system without compromising its security and founding values.

Mapping EU-US Digital and Energy Cooperation: A Transatlantic Relationship under Pressure

Transatlantic cooperation in digital and energy sectors faces unprecedented strain following Trump's return to the US presidency in 2025. Fundamental divergences have emerged over platform governance, AI regulation, semiconductor cooperation and climate policy. Scenario analysis reveals potential futures ranging from European regulatory capitulation to controlled escalation, with tactical compromises most probable. Europe must balance strengthening strategic autonomy in technology and energy while maintaining vital transatlantic ties in an increasingly fragmented global system.

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