

# Trump vs. EU Tech Regulation: High Stakes, No Easy Way Out

In the shadow of recent moves to impose trade tariffs, US President Donald Trump has attacked EU digital market regulations. **Johannes Jarlebring**, senior researcher at SIEPS, identifies three possible ways for the EU to take action in response.

Today's headlines are dominated by Trump's tariffs on the EU and the rest of the world. However, in the shadow of the general trade war, the Trump administration has launched a more targeted challenge against EU regulation, particularly the EU's flagship regulations in the digital sphere: the Digital Services Act (DSA) and the Digital Market Act (DMA). Donald Trump argues that these laws amount to '[overseas extortion](#)' and [unfair fines](#). The DSA has also been described as a [threat to free speech](#), broadening the challenge beyond economics to a disagreement on democratic ideals.

## What Are the EU Regulations About?

The DSA entered into force in February 2024. It aims to strengthen user rights and allow the removal of illegal content. Its toughest rules apply to the very largest platforms and search engines (those with over 45 million users per month). These platforms are required to moderate content by assessing and mitigating several risks, such as the dissemination of illegal content, negative effects on the exercise of fundamental rights and negative effects on electoral processes.

The DMA became fully applicable in May 2023. It aims to ensure a level playing field for digital companies. Its main provisions consist of lists of "dos" and "don'ts" which aim to stop big platforms from imposing unfair conditions on businesses and consumers. Such practices include ranking services and products offered by the platform itself

higher than similar services from other providers or not giving users the possibility of uninstalling any preinstalled software or app.

## Does Trump Have a Point?

President Trump is right to argue that the EU imposes its laws on American firms and threatens them with huge fines. Due to the fluidity and transborder nature of digital services, the DSA and DMA apply to any services offered to EU firms or citizens, regardless of where the providers of services are established. Maximum fines are calculated as a percentage of the service providers' total worldwide annual turnover. This means that, for firms such as Google or Meta, fines can amount to many billions of euros. In the first year after the DSA's entry into force, more than 60 enforcement actions have been initiated at the EU level, many of which concern American firms. Similarly, the European Commission has initiated [proceedings](#) against both Apple and Meta for violating the DMA.

However, it is less clear that the regulations are unfair to US firms in particular. The EU laws do not target US firms specifically but apply to any firm and action fulfilling the criteria set out in the laws. Moreover, their substantive aims are traditional regulatory ones, such as ensuring consumer protection and free competition. In other words, the regulations serve to ensure that the EU internal market corresponds to the norms set up by the EU's democratically elected legislators, not to punish the US or gain a superior position in geopolitical games.

### The EU's Dilemma

The EU is faced with three alternative lines of action on how to respond to Trump's challenge and currently seems to be considering all of them:

#### Option 1: Apply regulations according to the letter

This would be the default option, as DSA and DMA set up regulatory processes that are not meant to be interfered with politically. Its main benefit would be to respect the purpose of the laws, as established by the EU legislator. It also has the longer-term advantage of confirming the EU's status as a regulatory power, standing up to support a rule-bound international order. The main risk, of course, is that Trump remains unconvinced by the distinction between law and politics and strikes back by imposing even more tariffs on the EU. So far, the Commission has had little success in [convincing US decision-makers](#) about the impartial nature of the laws.

#### Option 2: Push back by striking hard against US tech firms

France argues for a [tough implementation](#) of EU tech regulations to send a message to Trump. Tough measures on US tech firms could be part of a broader EU response to US tariffs and potentially be based on the new anti-coercion instrument. This could signal strength and potentially be an effective way to eventually reach a "deal" with the Trump administration. The downside is that it would amount to accepting Trump's perception that the tech regulations are about power games and politics, rather than legal principles and market regulation. A tough response could also come at significant economic cost, if, for instance, it results in restricted access to US service providers for European users.

#### Option 3: Back down by stalling implementation

The Commission has insisted that it does not plan to water down the DSA and DMA. Nonetheless, it has stalled the implementation of the acts for months and recently announced that it will limit its DMA fines on Apple and Meta and drop a separate

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case against Apple entirely. The two laws will also be part of a broader "[digital fitness check](#)," aiming to ensure that the EU's laws do not undermine Europe's competitiveness.

The downside of backing down is that the EU would appear to accept the Trump administration's preference for leaving the internet largely unregulated. Put in more dramatic terms: the EU could be seen to give up its claim to regulate the internal market or even its right to democratic self-determination. After all, there is no guarantee that the Trump administration would stop at the digital laws, as illustrated by its recent ban on corporate policies on diversity, equity, and inclusion, [imposed on EU firms](#) with operations in the US. Trump has also recently [questioned](#) the EU-US agreement on data privacy rules. Next in line could be the EU's sustainability regimes, such as its Carbon Border Adjustment Mechanism (CBAM), which requires importers of carbon-intensive products to pay a fee for products imported from countries with less stringent carbon-taxation systems than the EU.

#### To Be or Not to Be

EU decision-makers are well advised to think hard about the trade-offs associated with different options and whether it is realistic to reach a compromise that the Trump administration will respect. At the very least, the EU should be careful not to sacrifice its credibility as a regulator in the pursuit of uncertain and short-term deals or a dubious status as a geopolitical player. In the end, if the EU gives up its claim to regulate its internal market, what use is the union?