

European Economic Security Amid a Shifting Transatlantic Order

by Simon Sharghi-Erdmosa

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1. Introduction

Until Donald Trump's return to the White House in January 2025, the European Union's (EU) economic security considerations had focused primarily on China and Russia.¹ However, the Trump administration's rapid diplomatic, military, and economic recalibration towards Brussels has posed unprecedented challenges to EU economic security in a transatlantic context.² Therefore, this paper examines how the unfolding transatlantic shift affects EU economic security, focusing on the core risks and strategic pillars outlined in the 2024 European Economic Security Strategy (EESS).

The EESS identifies four core risks to the EU economic security: vulnerabilities in supply chains, physical and cyber risks to critical infrastructure; technology security, and the weaponization of economic dependencies or coercion.³ To confront these risks, the strategy rests on three pillars: promoting competitiveness and the resilience of the Single Market, protecting the EU's economic interests through existing and new policy tools, and partnering with like-minded countries to address shared economic security concerns.⁴

By unpacking economic security dimensions across trade, technology, and defence, this paper argues that Washington is treating the EU not as a partner, but more as a pressure point to compel European alignment with US strategic objectives. In this context, Washington's evolving posture increasingly reflects elements of economic coercion and a unilateral redefinition of transatlantic supply chains. As a result, the EU faces critical decisions about where to align, where to recalibrate, and where to diverge from the US.

¹ Tenev, M. (2025) *No brain, no brawn: Trump 2.0 makes an EU Economic Security Network essential*. Available at: <https://ecfr.eu/publication/no-brain-no-brawn-trump-2-0-makes-an-eu-economic-security-network-essential/> (Accessed: 7 June 2025).

² Gehrke, T., *Brussels hold'em: European cards against Trumpian coercion*, ECFR Policy Brief (European Council on Foreign Relations), March 2025. Available online at <https://ecfr.eu/publication/brussels-holdem-european-cards-against-trumpian-coercion/>.

³ European Commission (2024) *Advancing European economic security: an introduction to five new initiatives*. COM(2024) 22 final. Brussels, 24 January. Available at: <https://commission.europa.eu/system/files/2024-01/Communication%20on%20European%20economic%20security.pdf> (Accessed: 18 April 2025).

⁴ Ibid.



2. Transatlantic Trade

The EU and the US share the largest bilateral trade and investment relationship in the world. This makes them each other's most important trading partners, even in the absence of a free trade agreement.⁵

The top three EU exports in value to the US in 2024 were pharmaceuticals, advanced machinery, and vehicles, reflecting US demand for European high-tech manufacturing products.⁶ In response to strategic energy supply chain vulnerabilities exposed by Russia's invasion of Ukraine, the EU has emerged as the largest purchaser of US natural gas and oil.⁷ The US is also the largest source of service imports to the EU, including critical inputs such as research and development, financial services, and digital infrastructure.⁸ These services – many of them linked to sensitive technologies like AI and cloud computing – highlight the EU's growing reliance on US capabilities in strategically significant sectors.⁹ In addition, defence procurement remains a major component of transatlantic commerce: between 2020 and 2024, almost two-thirds of the weapons imported by European NATO members came from the United States, further highlighting the breadth of the EU's reliance on US strategic sectors.¹⁰ While the EU ran a goods trade surplus of €198.2 billion with the US in 2024, it accounted for a €109 billion deficit in services.¹¹

3. Tariffs

3.1. Reframing EU–US Trade

Donald Trump's statement that the EU “was formed in order to screw the United States” reflects his long-held perception that the US has been treated unfairly in transatlantic trade and defence relations.¹² On April 2, Trump imposed sweeping tariffs

⁵ European Commission (2025) *EU trade relations with United States*. Available at: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/united-states_en (Accessed: 19 April 2025).

⁶ Trading Economics (2025) *European Union Exports to United States*. Available at: <https://tradingeconomics.com/european-union/exports/united-states> (Accessed: 19 April 2025).

⁷ Eurostat (2024) *EU imports of energy products – latest developments*. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU_imports_of_energy_products_-_latest_developments (Accessed: 19 April 2025).

⁸ Idlib.

⁹ France 24 (2025) *Europe seeks to break its US tech addiction*. Available at: <https://www.france24.com/en/live-news/20250416-europe-seeks-to-break-its-us-tech-addiction> (Accessed: 19 April 2025).

¹⁰ Financial Times, *Europe turns to arms imports as war depletes stocks*, 28 March 2024. Available at: <https://www.ft.com/content/d3214157-639b-4743-ab29-9af662d47ec5> (Accessed: 9 June 2025).

¹¹ European Commission (2025) *EU trade relations with United States*. Available at: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/united-states_en (Accessed: 19 April 2025).

¹² The White House (2025) *Remarks by President Trump before Cabinet meeting*, 26 February. Available at: <https://www.whitehouse.gov/remarks/2025/02/remarks-by-president-trump-before-cabinet-meeting/> (Accessed: 7 June 2025).



on European imports to recalibrate the US trade deficit in goods.¹³ He justified this move by invoking Section 232 of the Trade Expansion Act of 1962, which authorises the US president to impose trade restrictions on imports that are deemed to threaten national security, without requiring congressional approval.¹⁴ Trump had previously invoked Section 232 during his first term, and again in February 2025, to impose tariffs on European steel and aluminium.¹⁵ His renewed and broader application of Section 232 marks an escalation, as it designates a wide range of European imports as threatening US national security.

The current tariff package includes (as of 7 June):

- a 25% tariff on European steel and aluminium,
- a 25% tariff on automobiles,
- a 10% baseline tariff applied to all goods imported into the US, including European imports
- and a 20% reciprocal tariff on EU imports that was announced to take effect on 9 April but has been paused for 90 days to allow for negotiations.

3.2. The EU Single Market Under Pressure

The imposition of US tariffs poses distinct yet interconnected threats to the EU Single Market, whose competitiveness and resilience are central to safeguard EU economic security as defined in the EESS.¹⁶

US tariffs have artificially inflated the prices of European goods in the US market, putting pressure on the competitiveness of European exports. The automotive sector is particularly exposed, with price distortions primarily impacting highly integrated intra-EU supply chains linking key manufacturing hubs such as Germany, Austria, and the Visegrád countries (Poland, Czech Republic, Slovakia, and Hungary).¹⁷ Other member states with strong export dependencies on the US, such as Ireland, whose top exports include pharmaceuticals and medical devices, and Italy, a major exporter of

¹³ The White House, "My fellow Americans, this is Liberation Day. April 2, 2025 – President Donald J. Trump," *White House video*, 3 April 2025. Available at: <https://www.whitehouse.gov/videos/my-fellow-americans-this-is-liberation-day-april-2-2025-president-donald-j-trump> (Accessed: 4 June 2025).

¹⁴ Trade Expansion Act of 1962, Public Law No 87-794, 76 Stat 872 (1962), codified at 19 U.S.C § 1862.

¹⁵ The White House, *Fact Sheet: President Donald J. Trump Restores Section 232 Tariffs*, 10 February 2025, <https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-restores-section-232-tariffs/> [accessed 10 June 2025].

¹⁶ European Commission (2024) *Advancing European economic security: an introduction to five new initiatives*. COM(2024) 22 final. Brussels, 24 January. Available at: <https://commission.europa.eu/system/files/2024-01/Communication%20on%20European%20economic%20security.pdf> (Accessed: 18 April 2025).

¹⁷ Stehrer, R. (2025) 'How Trump's new tariffs will impact the EU's already struggling automotive industry', *The Vienna Institute for International Economic Studies (wiiw)*, 1 April. Available at: <https://wiiw.ac.at/how-trump-s-new-tariffs-will-impact-the-eu-s-already-struggling-automotive-industry-n-675.html> (Accessed: 27 May 2025).



machinery, luxury goods, and agri-food products, also face significant exposure to demand shocks caused by US baseline tariffs.

The Single Market's competitiveness is further threatened by a looming trade diversion resulting from US-China trade tensions. Brussels fears that excess supplies blocked by US tariffs may be dumped into the Single Market, putting further pressure on the competitiveness of European products.¹⁸ In particular, the dumping of highly cost-competitive Chinese steel poses an existential threat to Europe's already fragile steel industry.¹⁹ Moreover, data from the Commission's established trade diversion monitoring system indicates that, since April 2, there has been a significant increase in EU imports of machinery, textiles, chemicals, and wood and paper products originating from China.²⁰

Beyond competitiveness, US tariffs also threaten the cohesion of the Single Market by generating asymmetric economic shocks across member states. This asymmetry introduces political, economic, and legal challenges, as it may prompt fragmented national responses such as unilateral subsidies to shield domestic industries, which in turn undermine the level playing field within the Single Market. Spain, for instance, has announced a €14.1 billion support package aimed at protecting sectors most affected by Trump's tariffs, raising concerns of a potential fragmentation of the Single Market.²¹

Finally, the unpredictability of US tariffs fuels investor uncertainty. Firms may delay or reduce investment in the Single Market due to difficulties in forecasting export demand to the US.²² Collectively, these effects threaten European employment, economic growth, and the Single Market's financial stability.²³

¹⁸ Erlanger, S. (2025) 'Europe Seeks to Break Its US Tech Addiction', *The New York Times*, 14 April. Available at: <https://www.nytimes.com/2025/04/14/world/europe/europe-china-dumping-tariffs.html> (Accessed: 19 April 2025).

¹⁹ Euronews (2025) 'Commission watching for Chinese steel and electronics imports amid trade war', *Euronews*, 4 April. Available at: <https://www.euronews.com/my-europe/2025/04/04/commission-watching-for-chinese-steel-and-electronics-imports-amid-trade-war> (Accessed: 7 June 2025).

²⁰ European Commission (2025) *Monitoring trade diversion*. Available at: https://policy.trade.ec.europa.eu/enforcement-and-protection/trade-defense/monitoring-trade-diversion_en (Accessed: 7 June 2025).

²¹ Euronews (2025) *Sánchez advierte que España tejerá una red de protección a los sectores afectados por los aranceles de Trump*. [en línea] Disponible en: <https://es.euronews.com/my-europe/2025/04/03/sanchez-advierte-que-espana-tejera-una-red-de-proteccion-a-los-sectores-afectados-por-los> (Accedido el 27 de mayo de 2025).

²² Euronews (2025) *What impact will new US tariffs have on the wallets of people in Europe?* [online] Euronews. Available at: <https://www.euronews.com/2025/04/04/what-impact-will-new-us-tariffs-have-on-the-wallets-of-people-in-europe> (Accessed: 27 May 2025).

²³ European Central Bank (2025) *Risks to euro area financial stability from trade tensions*. [online] *Financial Stability Review*, May 2025. Available at: https://www.ecb.europa.eu/press/financial-stability-publications/fsr/special/html/ecb.fsrart202505_02~4603d3e42a.en.html (Accessed: 27 May 2025).



3.3.A European Response to a Coercive Logic?

In response to US tariffs, the EU has maintained a coordinated institutional position, reflecting its exclusive competence over trade policy under Article 207 of the Treaty on the Functioning of the European Union (TFEU).²⁴

The Bloc is currently discussing a package including tariffs on €95 billion worth of US goods, including wine, aircraft, cars, chemicals and machinery, should negotiations with the US fail. The package would come on top of a first list of US products worth €21 billion, which was suspended after Trump announced a 90-day pause until 9 July.²⁵

Brussels has put forward a 'zero-for-zero' proposal aiming for mutual elimination of tariffs on goods and has expressed willingness to increase imports of US energy, technology, and agricultural products.²⁶ Yet, Washington appears unsatisfied. On 23 May 2025, Donald Trump threatened to further escalate the dispute by raising the baseline tariff on all European imports from 10% to 50% if no agreement is reached by 9 July.²⁷

Trump's tariff strategy arguably models a coercive logic, aimed at pressuring Brussels to accept a settlement on Washington's terms. This mirrors Trump's earlier strategies employed during his first term vis-à-vis China. Trump used escalating tariffs to extract concessions from Beijing, culminating in the 2020 Phase One agreement, in which China committed to increasing its purchases of US goods by \$200 billion, including a significant share in energy products.²⁸ Notably, Trump explicitly linked tariff relief to increased purchases of US energy, stating that the EU *must* buy \$350 billion worth of US energy to secure tariff relief.²⁹ This not only risks replacing the EU's past dependence on Russian gas with a new, politicized reliance on US energy but also underlines the broader shift in US posture towards Europe. The EU now finds itself subject to the same hardball tactics once reserved for rivals.

²⁴ Consolidated Version of the Treaty on the Functioning of the European Union [2012] OJ C 326/47.

²⁵ Corlin, P. (2025) 'EU tariff offer still on the table, says EU Commission', *Euronews*, 26 May. Available at: <https://www.euronews.com/my-europe/2025/05/26/eu-tariff-offer-still-on-the-table-says-eu-commission> (Accessed: 27 May 2025).

²⁶ Euractiv (2025) 'EU announces "zero-for-zero" US tariff deal as reciprocal duties loom', *Euractiv*, 26 April. Available at: <https://www.euractiv.com/section/economy-jobs/news/eu-announces-zero-for-zero-us-tariff-deal-as-reciprocal-duties-loom/> (Accessed: 27 May 2025).

²⁷ Le Monde (2025) 'Trump threatens 50% EU tariff from June 1', *Le Monde*, 23 May. Available at: https://www.lemonde.fr/en/economy/article/2025/05/23/trump-threatens-50-eu-tariff-from-june-1_6741580_19.html (Accessed: 27 May 2025).

²⁸ Office of the United States Trade Representative (USTR) (2020) *Economic and Trade Agreement Between the United States of America and the People's Republic of China: Fact Sheet*. [pdf] Available at: https://ustr.gov/sites/default/files/files/agreements/phase%20one%20agreement/US_China_Agreement_Fact_Sheet.pdf (Accessed: 5 June 2025).

²⁹ Politico (2025) *Donald Trump says EU must buy \$350B of US energy for tariff relief*. Available at: <https://www.politico.eu/article/donald-trump-says-eu-must-buy-350b-of-us-energy-to-get-tariff-relief/> (Accessed: 19 April 2025).



Under the Anti-Coercion Instrument (ACI) of 2023, the EU defines economic coercion as conduct whereby “a third country applies or threatens to apply a third-country measure affecting trade or investment in order to prevent or obtain the cessation, modification or adoption of a particular act by the Union or a Member State.”³⁰ The ACI equips the EU with a robust legal framework to respond to economic coercion. Its scope goes beyond tariffs, allowing for a wide range of countermeasures including restrictions on services, bans on trade, and even the suspension of international obligations such as intellectual property protections, access to insurance, financial services, and foreign investment.³¹

While Ursula von der Leyen stated that “all instruments are on the table,” it remains to be seen whether the EU and its member states would be politically willing to activate the ACI to safeguard the EU’s economic security interest against the US.³² To trigger the ACI, the European Council must initially determine by a qualified majority vote that the EU is subject to economic coercion by the US.³³ How the Commission and member states choose to act will test both their collective resolve and the credibility of the EESS’s geoeconomic toolkit.

4. Technology

4.1. Section 232 Probe into European Semiconductor Imports

In mid-April 2025, Washington launched new *Section 232* investigations, including into European imports of semiconductors and manufacturing equipment, invoking the same legal bases to justify sweeping tariffs on April 2 due to national security concerns.³⁴ Reportedly, these probes could lead to the imposition of US tariffs ranging from 10% to 25%.³⁵ From the perspective of the EU’s technology security, the probes cast a shadow over the continent’s semiconductor sector, for which the US remains a

³⁰ Regulation (EU) 2023/2675 of the European Parliament and of the Council of 22 November 2023 on the protection of the Union and its Member States from economic coercion by third countries [2023] OJ L 2023/2675, Article 2(1).

³¹ European Commission (2023) *Protecting against coercion*. Available at: https://policy.trade.ec.europa.eu/enforcement-and-protection/protecting-against-coercion_en (Accessed: 6 June 2025).

³² European Commission (2025) *Speech by the President at the European Parliament Plenary*. Available at: https://ec.europa.eu/commission/presscorner/detail/en/speech_25_938 (Accessed: 19 April 2025).

³³ Regulation (EU) 2023/2675 of the European Parliament and of the Council of 22 November 2023 on the protection of the Union and its Member States from economic coercion by third countries [2023] OJ L 2023/2675, Article 2(1).

³⁴ Bond, D. E. and Saccomanno, I. (2025) ‘Trump Administration Initiates Section 232 Investigations on Pharmaceuticals and Semiconductors’, *White & Case LLP*, 16 April. Available at: <https://www.whitecase.com/insight-alert/trump-administration-initiates-section-232-investigations-pharmaceuticals-and> (Accessed: 7 June 2025).

³⁵ Reuters (2025) *US steps up probes into pharmaceutical, chip imports, setting stage for tariffs*, 14 April. Available at: <https://www.reuters.com/markets/us-initiates-section-232-investigations-into-pharmaceutical-semiconductor-2025-04-14/> (Accessed: 7 June 2025).



critical export market essential for both revenue generation and collaboration in a highly cost-competitive industry.³⁶

The European External Action Service (EEAS) has rejected the idea that European semiconductor-related exports pose any threat to US national security. The EU delegation to the US criticized the investigations as being driven more by protectionist industrial policy than by genuine security concerns, cautioning that such actions could undermine long-standing transatlantic cooperation and distort highly integrated semiconductor supply chains.³⁷

The initiated probes undermine current efforts to strengthen transatlantic supply chain resilience in critical technologies, as envisioned under the EU-US Trade and Technology Council (TTC).³⁸ Moreover, the probes strain EU-US cooperation under the Government/Authorities Meeting on Semiconductors (GAMS), further undermining joint efforts to promote a stable and resilient global semiconductor market.³⁹ Thus, a designation of European semiconductors as a US national security threat would not only endanger the resilience of the Single Market's chip industry but also undermine efforts to safeguard EU technology security through transatlantic cooperation.

4.2. Pre-Trump Pressures

The unilateral reshaping of transatlantic tech supply chains is not new. Even before the return of Trump, the Biden administration had already begun reshaping transatlantic technology supply chains in ways that challenged the EU's access to key technologies. Given that the US accounts for 23% of the EU's high-tech imports – second only to China – any disruption to this relationship poses a risk to EU technology security.⁴⁰

In January 2025, Biden introduced the AI Diffusion Framework of 2024 which intended to regulate the diffusion of cutting-edge AI inputs to restrict access to US adversaries such as China and Russia.⁴¹ Just two days before it was set to take effect, the US

³⁶ Euronews (2025) *EU Commission slams first US step towards pharmaceutical tariffs*. Available at: <https://www.euronews.com/health/2025/04/30/eu-commission-slams-first-us-step-towards-pharmaceutical-tariffs> (Accessed: 30 April 2025).

³⁷ European Union Delegation to the United States of America (2025) *Comments to the Bureau of Industry and Security, Office of Technology Evaluation, U.S. Department of Commerce: Section 232 National Security Investigation of Semiconductors and Semiconductor Manufacturing Equipment (90 FR 15950)*. 7 May. Washington, DC.

³⁸ Office of the United States Trade Representative (2024) 'US-EU Joint Statement of the Trade and Technology Council', *United States Trade Representative*, 5 April. Available at: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2024/april/us-eu-joint-statement-trade-and-technology-council> (Accessed: 21 April 2025).

³⁹ European Commission (2024) 'Commission chairs global semiconductor meeting', *EU Trade News*, 18 October. Available at: https://policy.trade.ec.europa.eu/news/commission-chairs-global-semiconductor-meeting-2024-10-18_en (Accessed: 6 June 2025).

⁴⁰ France 24 (2025) *Europe seeks to break its US tech addiction*. Available at: <https://www.france24.com/en/live-news/20250416-europe-seeks-to-break-its-us-tech-addiction> (Accessed: 23 April 2025).

⁴¹ Regulatory Framework for the Responsible Diffusion of Advanced Artificial Intelligence Technology.



Bureau of Industry and Security (BIS) rescinded the Biden-era AI Diffusion Framework in late May 2025. The decision followed backlash from US tech industries, which warned that heightened export restrictions could fragment supply chains and place them at a competitive disadvantage compared to foreign firms.⁴²

Built on a three-tier categorization system, the framework divided EU member states into different levels of access with broad access granted to 10 EU member states and limited access granted to 17 member states.⁴³ In response, the EU Parliament warned that the export control regime would undermine a coherent European approach to critical technologies and the functioning of the Single Market.⁴⁴ Moreover, Commission Vice-President Henna Virkkunen and Trade Commissioner Maroš Šefčovič emphasized that unrestricted EU access to US AI chips is in both sides' economic and security interests, urging a coordinated transatlantic approach to shared challenges, hinting towards China.⁴⁵

4.3.From Partner to Pressure Point

While Biden's AI diffusion framework is off the table, the Trump administration is already preparing a replacement rule.⁴⁶ Crucially, the suspension of Biden's restrictive export controls coincided with ongoing EU–US trade talks on tariff relief, setting a precedent that may provide Washington with leverage in ongoing negotiations.

Current trade talks carry significant implications for the EU's autonomy in defining its technology security posture. Building on an increasingly assertive approach, Trump may tie tariff relief to stricter European export controls and deeper decoupling from Beijing.⁴⁷ This strategy mirrors the 2025 US-UK trade deal, which grants the UK limited

⁴² Hogan Lovells (2025) *BIS announces rescission of Biden-era AI Diffusion Rule and issues new AI policy and guidance*. Available at: <https://www.hoganlovells.com/en/publications/bis-announces-rescission-of-bidenera-ai-diffusion-rule-and-issues-new-ai-policy-and-guidance> (Accessed: 6 June 2025).

⁴³ Lennart Heim, "Understanding the Artificial Intelligence Diffusion Framework", RAND Perspective PE-A-3776-1 (14 January 2025) <https://www.rand.org/pubs/perspectives/PEA3776-1.html>.

⁴⁴ European Parliament (2025) *Newsletter - 10–13 February 2025 - Strasbourg plenary session*. Available at: https://www.europarl.europa.eu/pdfs/news/expert/2025/2/briefing/20250203BRI26621/20250203BRI26621_en.pdf (Accessed: 7 June 2025).

⁴⁵ European Parliament (2025) *Newsletter - 10–13 February 2025 - Strasbourg plenary session*. Available at: https://www.europarl.europa.eu/pdfs/news/expert/2025/2/briefing/20250203BRI26621/20250203BRI26621_en.pdf (Accessed: 7 June 2025).

⁴⁶ Hogan Lovells (2025) *BIS announces rescission of Biden-era AI Diffusion Rule and issues new AI policy and guidance*. Available at: <https://www.hoganlovells.com/en/publications/bis-announces-rescission-of-bidenera-ai-diffusion-rule-and-issues-new-ai-policy-and-guidance> (Accessed: 6 June 2025).

⁴⁷ European Union Institute for Security Studies (2024) *A new transatlantic trade and tech agenda: economic security standards can strengthen the alliance*. [online] Available at: <https://www.iss.europa.eu/publications/commentary/new-transatlantic-trade-and-tech-agenda-economic-security-standards-can> (Accessed: 5 June 2025).



tariff relief on cars and steel, conditional on its compliance with US supply-chain requirements concerning China.⁴⁸

Alternatively, Washington may leverage the extraterritorial reach of the US dollar to impose secondary sanctions on European firms, thereby discouraging technology exports to China.⁴⁹ As a result, the EU may find its ability to navigate between Washington and Beijing increasingly constrained by external pressure rather than guided by its own strategic priorities.

The EU's capacity to establish a coherent export control policy is further limited by its institutional design, as competence in this area resides with individual Member States under Article 4(2)(b) TFEU.⁵⁰ This structural gap at the EU level enables Washington to exploit bilateral channels, thereby deepening intra-European divisions and weakening the EU's collective position. Already under Biden, the US showed limited tolerance for EU member states pursuing independent export control policies towards Beijing. This was evident in Washington's pressure on the Netherlands in 2024 to comply with US export restrictions on semiconductor inputs.⁵¹ Under Trump, such pressure is likely to intensify, with power politics increasingly replacing partnership as the defining feature of transatlantic relations.

5. Defence

5.1. ReArming Europe in an Uncertain Transatlantic Alliance

Between 2020-2024, two-thirds of the weapons imported by European NATO members were supplied by US arms manufacturers⁵² – representing a 155% increase compared to the 2015–2019 period.⁵³ The return of Donald Trump to the White House, combined with Russia's full-scale invasion of Ukraine, has catalysed a broader reassessment across the EU of its dependence on US-centred defense supply chains.

⁴⁸ The Guardian. (2025, May 14). *China issues warning to UK over terms of US trade deal*. Retrieved June 8, 2025, from <https://www.theguardian.com/politics/2025/may/14/china-issues-warning-to-uk-over-terms-of-us-trade-deal>

⁴⁹ European Union Institute for Security Studies (2024) *A new transatlantic trade and tech agenda: economic security standards can strengthen the alliance*. [online] Available at: <https://www.iss.europa.eu/publications/commentary/new-transatlantic-trade-and-tech-agenda-economic-security-standards-can> (Accessed: 5 June 2025).

⁵⁰ European Union (2012) *Consolidated version of the Treaty on the Functioning of the European Union*. Official Journal of the European Union, C326, 26 October, pp. 47–390. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12012E%2FTXT> (Accessed: 6 June 2025).

⁵¹ Sterling, T. (2024) 'Dutch set to comply with US demands on China exports', *Reuters*, 7 April. Available at: <https://www.reuters.com> (Accessed: 21 April 2025).

⁵² Financial Times, *Europe turns to arms imports as war depletes stocks*, 28 March 2024. Available at: <https://www.ft.com/content/d3214157-639b-4743-ab29-9af662d47ec5> (Accessed: 9 June 2025).

⁵³ Kayali, L., "US dominates European weapons purchases: report", *Politico Europe*, 10 March 2025. Available at: <https://www.politico.eu/article/us-dominates-european-weapons-purchases-report/> (Accessed: 9 June 2025).



While the purchase of US weapons has long been promoted with the promise of US protection, this argument has lost credibility amid diverging strategic priorities within the transatlantic defence relationship.⁵⁴ US Vice President JD Vance's speech at the Munich Security Conference in February 2025 underlined this divergence. While European leaders were hoping for a firm stance towards Moscow, Vance instead criticised the quality of European democracy and the EU's handling of migration without addressing Russia's war of aggression in Ukraine. His remarks were widely interpreted in Europe as a sign of US disengagement from the continent's immediate security concerns regarding Russia and further fuelled calls for more autonomous European defence capabilities.⁵⁵

To strengthen Europe's industrial defence base, the EU unveiled the *Readiness 2030/ReArm Europe Plan* in March 2025. The plan aims to mobilize up to €800 billion to bolster Europe's defence capabilities. This includes €150 billion in EU-backed loans designated for joint investments in critical areas such as air and missile defence, artillery, drones, cyber defence, and military mobility.⁵⁶ Under the Initiative, 65% of the loans must be spent on purchases from EU member states or "like-minded" countries—including the UK, Norway, Switzerland, and Ukraine—effectively excluding the US from most procurement opportunities.⁵⁷

In the light of EU economic security, the ReArm Plan signals alignment with the strategic pillars of the EESS by strengthening the resilience of the Single Market's defence base and promoting partnerships beyond Washington. This reflects not only a growing European convergence of economic and military security but also an unfolding EU divergence from US defence supply chains.

5.2.US-Made Arms: Military Might or Potential Handcuffs?

The EU's strategic reorientation is further reinforced by mounting doubts over the reliability of US defence systems—both in terms of supply chain security and operational autonomy. Some member states fear that their ability to operate US-made arms could be compromised if their positions diverge from Washington's strategic objectives. These concerns have intensified in light of Trump's threat to use military

⁵⁴ Tauschinski, J., Clover, C., & Pfeifer, S. (2025, March 9). Two-thirds of arms imports to Nato countries in Europe come from US. *Financial Times*. https://www.ft.com/content/d3214157-639b-4743-ab29-9af662d47ec5?utm_source=chatgpt.com

⁵⁵ Vance, J.D. (2025) 'The US in the World', speech presented at the Munich Security Conference, Munich, 14 February. Available at: <https://securityconference.org/en/medialibrary/asset/the-speech-of-jd-vance-20250214-1817/> (Accessed: 23 April 2025).

⁵⁶ European Commission (2025) *La Commission dévoile le livre blanc pour une défense européenne et le plan «ReArm Europe»/Préparation à l'horizon 2030*. Available at: https://ec.europa.eu/commission/presscorner/detail/fr/ip_25_793 (Accessed: 24 April 2025).

⁵⁷ Idlib.



force to advance US interests in Greenland and Panama, his suggestion to annex Canada, and the temporary suspension of military aid to Ukraine.⁵⁸

Among others, German officials have raised concerns over potential US control mechanisms (“kill-switch”) embedded in the software of European-operated F-35 fighter jets.⁵⁹ While the Pentagon has denied such allegations, a potential withholding of US software updates or re-ammunition supplies for US-operated hardware would similarly undermine European defence autonomy.⁶⁰ However, German Defence Minister Boris Pistorius reaffirmed Germany’s commitment to the F-35 program in March 2025, stating that “the U.S. is and will remain an important ally for [Germany]”.⁶¹

Other member states are still reassessing the security implications of committing further to US defence supply chains. Portugal is currently reconsidering its decision to replace US-made F-16 fighter jets with the modern F-35s. A statement from the Portuguese Defence Ministry noted that the evaluation process would include “the extent of restrictions on the use of the aircraft” and “the geopolitical context.”⁶² Similarly, Denmark’s parliamentary Defence Committee has expressed “regret” over its F-35 acquisition. It is now reviewing its planned procurement of U.S.-made Patriot air defence systems and exploring European alternatives such as the Franco-Italian SAMP/T system.⁶³

In contrast, Eastern European countries are still racing to stockpile US-made systems amid heightened fears of Russian aggression. Poland, Romania, and the Baltic states are rapidly acquiring US off-the-shelf weaponry including artillery, rocket systems, tanks, and fighter jets.⁶⁴ This surge in demand underscores not only the persistent reliance on US arms manufacturers in Europe but also reaffirms that defence procurement remains an exclusive member state competence under Article 4(2)

⁵⁸Erlanger, S. (2025) *Europe rethinks reliance on U.S. weapons amid Trump-era uncertainty*, *The Washington Post*, 23 March. Available at: <https://www.washingtonpost.com/world/2025/03/23/europe-us-weapons-dependence-trump/> (Accessed: 4 June 2025).

⁵⁹ Desmarais, A. (2025) *Can the US turn off European weapons? Experts weigh in on 'kill switch' fears*, *Euronews*, 13 March. Available at: <https://www.euronews.com/next/2025/03/13/can-the-us-turn-off-european-weapons-experts-weigh-in-on-kill-switch-fears> (Accessed: 24 April 2025).

⁶⁰ Finnerty, R. (2025) ‘There is no kill switch’: Pentagon denies F-35 rumours as calls grow to ditch US defense products’, *FlightGlobal*, 18 March. Available at: <https://www.flightglobal.com/fixed-wing/there-is-no-kill-switch-pentagon-denies-f-35-rumours-as-calls-grow-to-ditch-us-defense-products/162255.article> (Accessed: 24 April 2025).

⁶¹ *Nukleare Teilhabe: Boris Pistorius verteidigt Kauf von US-Kampffjets*. (2025, March 22). Rundschau Online. <https://www.rundschau-online.de/politik/nukleare-teilhabe-boris-pistorius-verteidigt-kauf-von-us-kampffjets-990342>

⁶² Kayali, L. (2025) *Portugal wobbles on buying F-35s because of Trump*. [online] *POLITICO*. Available at: <https://www.politico.eu/article/portugal-rules-out-buying-f-35s-because-of-trump/> (Accessed: 24 April 2025).

⁶³ Loh, M. (2025) ‘Denmark’s defense committee head said he regrets choosing the F-35: “We must avoid American weapons if at all possible”’, *Business Insider*, 24 March. Available at: <https://www.businessinsider.com/denmark-f35-regret-choosing-defense-committee-chairman-tensions-us-greenland-2025-3> (Accessed: 24 April 2025).

⁶⁴ Francis, E., Ryan, M. and Birnbaum, M., “Trump turbulence leads allies to rethink reliance on U.S. weapons”, *The Washington Post*, 23 March 2025. Available at: <https://www.washingtonpost.com/world/2025/03/23/europe-us-weapons-dependence-trump/> (Accessed: 9 June 2025).



TEU.⁶⁵ Collectively, these dynamics hinder the EU's ability to reduce its reliance on US defence supply chains and complicate efforts to coordinate military procurement with broader economic security goals in an uncertain transatlantic environment.

6. Conclusion

This paper set out to examine how Europe's economic security, as outlined in the EESS, is being challenged by intensifying transatlantic tensions following Donald Trump's return to the White House in 2025.

In the area of trade, Donald Trump's imposition of seeping tariffs on European products poses interconnected risks to the competitiveness, cohesion, and investment climate of the EU Single Market, whose resilience is considered essential to safeguarding EU economic security. From the EU's perspective, US tariffs can be considered to go beyond a traditional trade dispute. They arguably reflect a coercive logic in which the US uses tariffs to pressure the EU into aligning with specific US policy objectives—for instance, increasing the volume of US energy imports. Whether the EU will be willing to activate the ACI in response remains an open question, testing both the EU's political resolve and the credibility of the EESS's policy toolkit.

In the realm of technology, initiated Section 232 probes into European semiconductor imports suggest that US unilateral efforts to redefine transatlantic tech supply chains are set to intensify further under Trump's second term. Although Biden's AI Diffusion Framework—assigning EU member states different levels of access to US AI chips—was rescinded in May 2025, it set a precedent providing Washington with leverage in ongoing tariff negotiations. Moreover, Trump could condition tariff relief on deeper EU decoupling from China and alignment with US export controls, as seen in the US–UK trade deal. This carries the risk of undermining the EU and its member state's autonomy in pursuing policy responses that reflect their technology security needs and strategic interests vis-à-vis China.

In the defence domain, a resilient Single Market is central to the EU's economic and military security amid Russia's invasion of Ukraine and changing US priorities. The ReArm 2030 Plan reflects an effort to enhance industrial self-reliance, with Buy-European clauses tied to EU-backed defence. This signals a deliberate shift away from transatlantic defence supply chains, even as EU countries continue to depend heavily on them. While immediate security threats from Russia continue to drive particularly Eastern member states towards US procurement, others fear that US-centred supply chains could compromise their operational sovereignty. In this regard, the ReArm

⁶⁵ Consolidated Version of the Treaty on European Union [2012] OJ C 326/13.



Europe Plan sets a precedent in attempting to reconcile both dynamics through a deeper convergence of EU economic and military security.

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