

LE Grand Continent

For a Selective European Sovereignty

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Introduction

On June 12 2026, the White House unveiled new export restrictions limiting foreign entities and individuals' access to Anthropic's most advanced artificial intelligence models. Overnight, companies across Europe lost their access to one of the world's most powerful AI models they had come to rely on. The continent's dependency on American frontier AI was exploited by an erratic decision of the Trump administration, demonstrating the costs of Europe's technological dependencies.¹ More broadly, the incident revealed the unreliability of America as a trusted ally and partner while injecting new urgency to Europe's aspiration to achieve greater technological sovereignty.

Europe's digital and technological sovereignty has become central to Europe's economic competitiveness and national security. But the unfolding conversation about technological sovereignty is often marked by unrealistic aspirations that are not feasible to achieve. Europe's objective cannot therefore be a full technological sovereignty but rather a selective one. The strategic challenge facing the continent is not eliminating all dependencies but choosing which dependencies matter, which can be reduced, which should be mitigated, and which should be carefully managed so that Europe can better defend its interests and values in the AI age.

How the technological sovereignty agenda emerged

Europe's quest for greater strategic autonomy, including technological sovereignty, dates long before this recent episode involving Anthropic. A concern of Europe's over-reliance on the US and China has been growing steadily over the past decade. Initially, strategic autonomy was a policy imperative championed primarily by the French government, while dismissed by other European capitals as a manifestation of French dirigisme.² But today, political leaders across the continent agree on the salience of that policy goal. When Emmanuel Macron stressed the importance of Europe's "strategic self-determination" over AI at the AI Action Summit in Paris in February 2025, he no longer needed to convince his fellow Europeans. The only question was how long it would take to reach that goal.

Today, this ambition has gained greater urgency as the Europeans are squeezed between two AI powers — the United States and China — that dominate the technological frontier. Across key measures, the United States and China are rightly portrayed as clear frontrunners in AI development, dominating all the layers of the AI stack, including AI models, semiconductors, cloud services, and data centers. They host most AI talent and attract outsized sums of AI investment. Europe is vastly outplayed by the two AI superpowers, leaving the continent vulnerable in the ongoing AI contest. European firms have certain strengths, including excellence in robotics. ASML — the Dutch manufacturer of sophisticated lithography machines used in manufacturing

¹ Frontier AI refers to the most advanced general-purpose AI models available. These models are trained with vast amounts of data and computing power and possess capabilities that significantly exceed those of earlier or smaller models.

² Emmanuel Macron, «[Speech on new initiative for Europe](#)», Élysée, 26 September, 2017.

high-end chips — is one of the most strategically valuable firms in the AI race. But, overall, the gap between European and American or Chinese AI capabilities is vast and growing.

Because of its relative weaknesses, Europe is typically portrayed, at best, as a bystander or, at worst, a casualty in the AI race between the United States and China. European governments and firms chose to ignore this innovation gap for a long time, relying mostly on American technologies while making no sustained effort to reduce their dependencies. The European Union leveraged its vast regulatory powers, trusting its ability to steer the technological development towards its values through rights-protective regulation.³ Today, however, the reliance on the EU's regulatory might has given way to a realization that Europe cannot just be a referee in a world marked by escalating trade and technology wars, deteriorating transatlantic relations, and mounting geopolitical conflicts.⁴ It also needs to be a player, advancing its interest through robust offensive and defensive strategies. A sovereign control over key technologies such as AI is necessary for protecting the continent's economy, security, and its democracy.

Mario Draghi's 2024 report on Europe's competitiveness has focused minds across the continent.⁵ It lays out Europe's existential challenges and illustrates how a thriving tech sector is vital for Europe's ability to regain its competitiveness. This goal is crucial also for the continent's security. After all, there is no security without prosperity. Russian invasion of Ukraine and the evaporating trust in American security guarantees have forced Europeans to start rebuilding their own military capabilities. This requires tremendous resources from economies that are already struggling with indebted government finances and sluggish economic growth. The Draghi report has therefore rightly elevated Europe's competitiveness and technological sovereignty on the political agenda. The rapidly accelerating AI race makes this policy goal now even more urgent and consequential.

Facing the reality: technological sovereignty is unfeasible

Full AI sovereignty would entail complete sovereign control of the entire AI stack. This stack consists of not just the model layer but the sophisticated infrastructure layer — including data centers and cloud services — and semiconductors that are key for AI model training and post-training deployment of AI.⁶ AI sovereignty also calls for vast energy resources to power the datacenters and control over rare earths that are needed for semiconductors and other key hardware that underlie the AI development.⁷

³ Anu Bradford, *The Brussels Effect: How the European Union Rules the World*, Oxford, Oxford University Press, 2020; *Digital Empires: The Global Battle to Regulate Technology*, Oxford, Oxford University Press, 2023.

⁴ «[Strengthening Europe's Tech Sovereignty](#)», European Commission, Press release IP/26/1187, 3 September 2026 ; «[Winning the Race: America's AI Action Plan](#)», The White House Office of Science and Technology Policy, 23 July 2025.

⁵ Mario Draghi, *The Future of European Competitiveness*, European Commission, 9 September 2024.

⁶ See generally: Helen Toner, «[What Are Generative AI, Large Language Models, and Foundation Models?](#)», Center for Security and Emerging Technology, 12 May 2023; Jai Vipra and Sarah Myers West, «[Computational Power & AI](#)», AI Now Institute, 2023.

⁷ See: «[Energy demand from AI](#)», International Energy Agency; «[AI Tool Speeds Up Critical Mineral Hunt, Boosting U.S. Supply](#)», Office of Technology Commercialization, Department of Energy.

Today, even the United States and China cannot achieve complete AI sovereignty.⁸ AI relies on complex global supply chains that even the AI superpowers cannot easily control or nationalize. For example, China remains dependent on foreign semiconductors and the equipment needed to manufacture them. The United States has refused to supply China the most advanced chips to protect its lead in training the most powerful frontier AI models.⁹ However, China has in turn been able to exploit American dependency in Chinese rare earths, forcing the U.S. government to loosen its semiconductor export controls in return for accessing those crucial minerals.¹⁰ Semiconductors offer a prime example of the depth of mutual dependences: The US leads in the design of chips, Taiwan in their manufacturing, the Netherlands in key equipment, Japan in chemicals, Korea in memory chips and China in raw materials.¹¹ All those countries can exert some leverage because of certain chokepoints they control but, even then, they all remain vulnerable to exploitation by other players that control another chokepoint of the supply chain.¹²

If full AI sovereignty is not available even for the United States and China, it certainly is not a realistic goal for Europe. The continent has many more dependencies and far fewer resources to acquire new capabilities to eliminate those dependencies. It would also be dangerous for Europe to be too absolutist in its pursuit of AI sovereignty, fully derisking from American and Chinese technologies. If European companies do not have access to the best technology — which in the AI domain often remains American and Chinese technology — AI adoption in Europe risks slowing down.¹³ The actual usefulness of AI depends on how we integrate the technology across various industries. Many of the promised productivity gains from AI have yet to materialize, underscoring how much work remains to integrate the technology effectively into firms and industries. It is at this crucial application layer of the AI stack that Europe has no inherent structural disadvantage — provided it retains reliable access to the leading AI models needed to transform its economy.

The right objective is therefore selective technological sovereignty. Europe needs to be strategic yet realistic in choosing which dependencies it can live with and which dependencies it needs to derisk from, either short term, medium term, or long term. As a priority, it should seek to reduce those foreign dependencies that are most sovereignty-sensitive and therefore harmful if weaponized against Europe, including essential infrastructure and

⁸ Anu Bradford, Eileen Li and Matthew Waxman, «[How Domestic Institutions Shape the Global Tech War](#)», Harvard National Security Journal, vol. 16-2, pp.76-145, 2025.

⁹ See: «[Framework for Artificial Intelligence Diffusion](#)», Bureau of Industry and Security, U.S. Department of Commerce, Federal Register, 15 January 2025, later subject to rescission by the Trump administration: [Department of Commerce Announces Rescission of Biden-Era Artificial Intelligence Diffusion Rule, Strengthens Export Controls on Advanced Computing Semiconductors](#)», Bureau of Industry and Security, U.S. Department of Commerce, 13 May 2025.

¹⁰ See: «[Ministry of Commerce Notice 2025 No. 61: Announcement of the Decision to Implement Controls on Exports of Rare Earth-Related Items to Foreign Countries](#)», translation by the Center for Security and Emerging Technology, originally issued by China's Ministry of Commerce, 9 October 2025; «[Fact Sheet: President Donald J. Trump Secures Historic Deals with China, Delivering for American Workers, Farmers, and Industry](#)», The White House, 17 May 2026.

¹¹ Anu Bradford, Eileen Li and Matt Waxman, art. cit. See also Chris Miller, *Chip War: The Fight for the World's Most Critical Technology*, New York, Scribner, 2022.

¹² See, for instance: Henry Farrell and Abraham Newman, *Underground Empire: How America Weaponized the World Economy*, New York, Henry Holt and Co., 2023; Edward Fishman, *Chokepoints: American Power in the Age of Economic Warfare*, New York, Portfolio, 2025.

¹³ Anton Leicht, «[L'IA ne sera pas l'abondance, mais la rareté](#)», le Grand Continent, 22 May 2026.

critical public services. For others, Europe must acknowledge that it will need to continue to rely on several foreign technologies, at least for the time being. At the same time, Europe must ambitiously continue to build greater innate capabilities across the entire AI stack, with a carefully crafted strategy on its investment priorities.

Strategic choices: how to govern a dependency

Like other middle powers that do not possess the powerful capabilities of the United States and China, Europe faces important strategic choices on how to reduce its technological dependencies. In a recent paper published by the Chatham House, the authors argue that middle powers can choose from four alternative strategies: alignment, hedging, pooling, or specializing.¹⁴

Alignment consists of a conscious choice to side with either the United States or China and thus accept dependency with one but not the other, with the hope of securing favorable access and other benefits through alignment. Hedging consists of relying on diverse foreign suppliers while seeking to selectively develop innate capabilities. Pooling strategy focuses on building partnerships with likeminded countries to amplify collective influence of all the participants. Finally, specialization entails identifying limited domains of the global AI supply chain where the country can develop autonomous capabilities and even become a global leader, enhancing the country's leverage vis-à-vis the AI superpowers.

The risky alignments

The authors present these four strategies as alternatives yet a resourceful middle power like Europe is well placed to adopt a mix of them. To start, Europe should avoid becoming overly reliant on America or China. In the past, alignment with the United States may have been a plausible, even if never an optimal, strategy. For decades, Europeans have relied on many American technologies, taking comfort in the close economic, political and military ties that provided a foundation for the transatlantic partnership. However, under President Trump's second term, America has evolved into an increasingly unpredictable and unreliable partner. The United States has launched a trade war against Europe and attacked Europe's laws and democratic institutions, in addition to repeatedly threatening to withdraw security guarantees from the continent. Last year, the Trump administration floated the idea of militarily invading Greenland, an autonomous territory within the Kingdom of Denmark. That was a turning point, forcing many Europeans to conclude that an alignment with a power that is increasingly hostile towards Europe would not only be unwise but dangerous.¹⁵ The recent episode involving Anthropic reveals that the United States is both able and willing to withhold Europeans' access to American technology — without warning or negotiation.

¹⁴ Alex Krasodonski, Francisco Javier Varela Sandoval, Isabella Wilkinson and Rowan Wilkinson, «[How middle powers can weather US and Chinese AI dominance](#)», Chatham House, February 2026.

¹⁵ Jean-Yves Dormagen, «[Le moment Groenland: 10 points sur le basculement de l'opinion européenne face à Trump \(sondage exclusif Eurobazooka\)](#)», le Grand Continent, 23 January 2026.

At the same time, alignment with China has little appeal as an alternative. China seeks to capitalize from the erratic policies of America, portraying itself as a more stable and reliable supplier of technologies. But China, too, has shown its willingness to engage in economic coercion. China's chokehold of critical raw materials gives it immense power and leverage; a leverage it has already used by imposing export controls that have limited Europe's access to rare earths that are critical for the continent's automobile, green, digital and defense industries.¹⁶ China remains an authoritarian country, which raises further questions on Europe's reliance on the country whose political model fundamentally differs from that of its own.

Strategic hedging

However, Europe should strategically hedge between the United States and China, selectively using their technologies while consciously avoiding becoming dependent on a single source of supply. This allows Europe to play off the superpowers against one another.

In negotiating access to American and Chinese technologies, Europe should use its vast market as a lever.¹⁷ Both China and the United States want and need access to Europe's over 500 million wealthy consumers. European corporate and individual clients are an important source of revenue for American and Chinese AI developers, giving them a powerful incentive to serve the European market. Market access can be used to negotiate a "trusted partner" status that preserves Europe's access to American frontier AI. In parallel, Europe may negotiate technology transfer agreements as a condition for allowing Chinese tech companies to invest in Europe or operate in Europe.¹⁸ The goal of this hedging strategy is to avoid overreliance on either party while enhancing Europe's bargaining power against both.

Pooling capacities through new partnerships

What further enhances Europe's bargaining power against the United States and China is the pooling of capabilities with other middle powers.

Europe has many allies and partners to work with. Closely collaborating with like-minded countries, such as Australia, Canada, South Korea, and Japan, will enhance the collective leverage of the coalition. None of these middle powers have the desire to fully align themselves with either the United States or China, knowing that individually they can become targets of economic coercion by either actor. They all not only face common threats but share values that allow them to establish trust-based cooperation that serves their mutual interests. These countries further all have some key technologies that can be shared to reduce each nation's individual vulnerabilities — whether it is access to energy, chips, open-source models, or joint research or procurement.

¹⁶ Sander Tordoir, «[L'Europe marche comme un somnambule vers le nouveau choc chinois](#)», le Grand Continent, 29 June 2026.

¹⁷ See the proposals made by David Amiel and Shahin Vallée, «[How Europe Must Respond to Trump's Economic War. For a European Economic Deterrence Strategy](#)», Policy Paper, Paris, Groupe d'études géopolitiques, March 2025.

¹⁸ Jannik Jansen and Arthur Leichthammer, «[Selective Conditionality: The EU's Emerging Approach to Foreign Investment](#)», Jacques Delors Centre at the Hertie School, 11 May 2026.

Such collaboration allows them to pool resources and benefit from economies of scale and valuable complementary capabilities while better standing up against coercive tactics by either China or the United States.

A specialized Europe: from industrial AI to R&D

Finally, Europe should identify domains of specialization, with the goal of becoming an industry leader and indispensable partner in some part of the AI stack. Companies like ASML already show that a European company can be an essential player in the AI race. Europe needs to now proactively find other areas where its existing strengths can be further developed, scaled, and translated into global leadership. These areas should benefit from additional investment, using targeted industrial policy but also facilitating the flow of private capital into the sectors. In addition to these offensive strategies, Europe should defensively protect these sectors from being acquired by foreign players, limiting foreign direct investment and even blocking strategic acquisitions by non-European players to ensure that those capabilities remain in Europe.¹⁹ The possession of those key assets gives Europe clear economic benefits but also a strategic advantage to resist coercion and negotiate beneficial access to the parts of the AI stack that Europe does not control.

One natural area of specialization for Europe is industrial AI.²⁰ Unlike consumer AI, industrial AI generates productivity gains in robotics, manufacturing, chemistry and materials, logistics, healthcare, energy systems and industrial operations: precisely the sectors in which Europe remains globally competitive. While much attention has until recently focused on language models and AI agents, industrial AI for the real economy presents vast opportunities that Europe must seize.

In this domain, Europe already benefits from strong legacy industries, including world-leading manufacturing powerhouses such as Siemens, Schneider Electric, Bosch, BASF and Airbus. The continent remains a notable player in industries that require precision engineering, including aerospace components, industrial robots, or medical devices. Its deep engineering expertise and vast pool of high-quality industrial data can be harnessed to major advances in industrial AI. While it is true that China has made great strides in applying AI to physical industries, making impressive gains in industries such as robotics²¹ Europe should not cede the physical AI race to China. Instead, it should ambitiously integrate AI into real world sectors where it already has world-class

¹⁹ See, e.g.: Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union, OJ L 79I, 21 March 2019; European Commission, Proposal for a Regulation on the screening of foreign investments in the Union and repealing Regulation (EU) 2019/452, COM(2024) 23 final, 24 January 2024; European Commission, “Advancing European Economic Security: An Introduction to Five New Initiatives”, COM(2024) 22 final, 24 January 2024; and Regulation (EU) 2026/1386 of the European Parliament and of the Council of 17 June 2026 on the screening of foreign investments in the Union and repealing Regulation (EU) 2019/452, OJ L, 2026/1386, 26 June 2026, arts 4(15), 19–20 and Annex I.

²⁰ François Candelon, Theodoros Evgeniou and Thomas Ramage, «[Europe's Historic Second Chance: Leading AI's Next Wave](#)», INSEAD, 23 April 2026.

²¹ Rebecca Arcesati, Wendy Chang and Altynay Junusova, «[Embodied AI: China's ambitious path to transform its robotics industry](#)», MERICS Report, 30 April 2026. See also: Afra Wang, «Les coulisses du plan IA de Xi pour transformer la Chine», le Grand Continent, 13 May 2026.

firms and expertise. It is encouraging that today there are more industrial AI startups in Europe than the United States, suggesting that Europe is already building on its strengths.²² Those companies must now be able to grow in Europe and scale into global leaders.

Scientific AI where technology is integrated into R&D processes offers another promising domain for Europe's global AI leadership. The continent's excellence in scientific research lends itself for advances in fields such as chemistry, biology and pharmaceuticals. Additionally, Europe could focus on developing AI solutions for regulated industries that call for particularly trustworthy AI. In industries such as banking and insurance, compliance, explainability, and auditability of AI models and applications remains crucial. European firms have long operated under these constraints and could lead the way in harnessing AI to develop solutions for efficient and reliable compliance processes. Finally, geopolitical developments have led to vast investments in defense companies across Europe. Defense tech focusing on physical AI, such as drones, is a strong candidate for Europe's specialization, as are AI-enabled systems focusing on intelligence gathering and battlefield planning.

This preceding discussion shows that Europe is not without strategic options even while conceding that its pursuit of AI sovereignty will require a mix of hedging, pooling, and specializing. But the right combination of those strategies can lessen Europe's vulnerabilities, both by managing existing dependencies while at the same time building innate AI capabilities.

AI rules and the new European leverage: capitalizing on the US mistakes

Europe should approach its strategic choices with a clear understanding of its strengths and weaknesses. It must urgently address the structural impediments to growth, including insufficient market integration. The EU may selectively try to emulate some of the successes of the United States and China, including American thriving venture capital markets or China's relentless focus on AI applications. But it must also have the confidence to develop AI in ways that are aligned with the values and strategic policy priorities of the continent.

Europe's biggest existing weakness is market fragmentation. Despite decades of legislative efforts, the single market remains incomplete, making it hard for European firms to scale and take advantage of the vast market of 450 million consumers.²³ This is particularly true for digital services. While being preoccupied with President Trump's tariffs, the EU is forgetting that Europe's most important trade partner is Europe. Similarly, it needs to urgently complete the integration of capital markets so that the continent's AI startups and other companies can

²² Nicole Lemke, «[European AI Competitiveness Beyond Frontier Models](#)», Interface, 14 May 2026.

²³ Anu Bradford, «[The False Choice Between Digital Regulation and Innovation](#)», Northwestern University Law Review, vol. 119, no 2, pp. 377-452, 2025.

fund their growth in Europe.²⁴ These two market integration reforms, if implemented ambitiously, offer the most promising path towards greater technological sovereignty.

Beyond fragmentation, this trajectory is often seen as being compromised by two other major weaknesses. First, the absence of capital to fund the infrastructure needs of the AI economy is limiting Europe's ability to build a cutting-edge AI ecosystem. Seen this way, Europe's failure to capitalize on the internet revolution continues to haunt it, lacking the tech giants with massive revenue streams to fund the infrastructure build-up. This stands in stark contrast to the American firms that can deploy vast capital to fund the largest infrastructure development in history. Second, Europe's propensity to regulate technology is often seen as a liability that would hold back European innovation.²⁵ Critics of the European regulatory state often emphasize how American firms are unconstrained by such regulations, leaving them free to innovate.

Resource-efficient AI

However, these two perceived weaknesses can be strengths for Europe. First, while Europe must increase its investment in AI infrastructure and build data centers, it should not try to compete with America's massive infrastructure build up. The leading U.S. hyperscalers are projected to invest 800 billion dollars in AI infrastructure in 2026 alone as they race to maintain the United States' lead in frontier AI development. Much of this investment goes into building data centers where most capable models are trained. However, this bet on energy-intensive and capital-intensive scaling model is now facing growing resistance in America and some other parts of the world. American people are turning against AI, reluctant to host massive data centers in their communities.²⁶ The data centers consume vast amounts of energy, which risks maxing out existing grid capacity, and raises energy prices for consumers already struggling with rising inflation and broader affordability crises.²⁷ In response to souring public sentiment in America, numerous data center projects have been scaled down, put on hold, or even terminated.²⁸ In addition to negative effects on the environment and energy prices, users of AI

²⁴ See: European Commission, «Savings and Investments Union: A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU», COM(2025) 124 final, 19 March 2025; and the seminal paper by the ECB's Alexia-Styliani Arampatzi, Rebecca Christie, Johanne Evrard, Laura Parisi, Clément Rouveyrol, Fons van Overbeek, «[Capital markets union: a deep dive. Five measures to foster a single market for capital](#)», European Central Bank, Occasional Paper Series, No 369, May 2025.

²⁵ Anupam Chander, «[How Law Made Silicon Valley](#)», Emory Law Journal, vol. 63-3, pp. 639-694, 2014.

²⁶ See Jeffrey M. Jones, «[Americans Oppose AI Data Centers in Their Area](#)», Gallup, March 2026: «Seven in 10 Americans oppose constructing data centers for artificial intelligence in their local area, including nearly half, 48%, who are strongly opposed. Barely a quarter favor these projects, with 7% strongly in favor». See also: Jasmine Sun, «Le populisme IA est en train d'arriver. Nous ne sommes pas prêts», le Grand Continent, 27 June 2026 ; Thomas Dekeyser, «Faut-il saboter les datacenters ?», le Grand Continent, 5 May 2026.

²⁷ Rafe Rosner-Uddin, Nassos Stylianou, Dan Clark, Caroline Nevitt and Jamie Smyth, «[The power crunch threatening America's AI ambitions](#)», The Financial Times, 8 December 2025.

²⁸ Charles Paullin, «[Report Highlights Community Pushback Stalling \\$64 Billion in Data Center Development Nationwide](#)», Virginia Mercury, 21 May 2025; Reuters, «[Blackstone's QTS Terminates Digital Gateway Data Center Project in Virginia](#)», 2 July 2026; «[900MW Data Center Campus Withdrawn in Hanover County, Virginia](#)», Data Center Dynamics, 3 February 2026.

— including even resourceful corporations — are starting to question the costs of using capital-intensive and hence more expensive models. As the value proposition of AI remains limited, many companies are now turning to more affordable and “good enough” Chinese AI,²⁹ recognizing that most tasks do not require costly frontier models and can be done with more resource-efficient AI.

This market reaction, coupled with the public sentiment, offers a valuable lesson for Europe. American vast investment boom may not pay off and might even become wasteful. The growing anti-AI sentiment may also limit American AI ambitions; a phenomenon that Europe may still be able to avoid if it rolls out AI more cautiously and with public interest in mind. Europe’s best bet is therefore to invest prudently at the model level, with the aim of creating energy-efficient and capital-efficient models that fall short of the capabilities of the cutting-edge frontier AI but for which there is growing demand, at home and abroad.

Ruling the technology and building trust

A second lesson for Europe is that it should not abandon its propensity to regulate AI. American dominance in technology is not explained by its commitment to techno-libertarianism, including unregulated AI.³⁰ Instead, the American success lies in its thriving tech ecosystem, including the country’s bold entrepreneurial culture, vast domestic market, deep capital markets, and unparalleled access to global talent.³¹ These are the foundational features of the American technological ecosystem that have paved the way for U.S. tech companies’ rise to global prominence — features that the EU has not been able to replicate to date. China also regulates AI and has shown how regulation can co-exist with innovation. This further suggests that Europe’s affinity with regulation is not the reason why the continent has lagged America and China in the technology race.³²

Furthermore, as the capabilities of AI models grow, it is no longer strategically wise or politically feasible to vest AI firms with unmitigated power to shape the course of the technology. The growing public resentment and distrust in AI further shows that we need predictable and protective AI governance. Pressures for regulation are growing also in the United States. Anti-AI populism is on the rise, which may limit AI development and adoption in the United States. It is now starting to dawn upon the American leading AI firms that they cannot continue to build technology without social permission.³³ It is also telling that 145 AI bills were adopted at the state level in the US last year,³⁴ reflecting the increasing public support for regulation in America.

²⁹ An MIT study showed in 2025 that 95% of AI pilots fail. See: Aditya Challapally, Chris Pease, Ramesh Raskar, Pradyumna Chari, «[The GenAI Divide: State of AI in Business 2025](#)», MIT Nanda, July 2025.

³⁰ Anu Bradford, «[The False Choice Between Digital Regulation and Innovation](#)», Northwestern University Law Review, vol. 119, no 2, pp. 377-452, 2025.

³¹ Last year, there was a 30-40% drop in the enrollment of foreign students in US universities and a 80% reduction in the flow of new AI talent to the US. That is a huge opportunity for Europe.

³² Matt Sheehan, «[Trump’s AI Order Won’t Stymie U.S. Competition with China](#)», Carnegie Endowment for International Peace, 3 June 2026.

³³ Eric Schmidt and Selina Xu, «[We Returned From China. We Realized Our Century’s Biggest Challenge](#)», The New York Times, 11 July 2026.

³⁴ See the tracker by Multistate: «[Artificial Intelligence \(AI\) Legislation Tracker 2026: All 50 States](#)».

Regulation breeds trust — and trust in AI is key to the technology’s broad societal adoption. Trust is itself a strategic capability. Instead of being a liability that holds back Europe’s AI ambitions, a stable regulatory framework is key to realizing those ambitions. Regulation can therefore facilitate the adoption of AI in Europe, generating much needed economic growth. It can also become an important comparative advantage for the continent as it seeks to position itself as a developer of trusted AI in the global AI race.

An AI race Europe can win

The voices demanding Europe’s full technological sovereignty are not helpful, yet neither are the voices conceding defeat. The inconvenient truth is that Europe will not gain full technological sovereignty in the foreseeable future, if ever. The sooner Europeans admit that reality, the sooner they can start devising more realistic and effective strategies that make the continent less dependent and more resilient. Europe cannot eliminate all its dependencies, but it must govern them wisely.

Conceding that full technological sovereignty is not available does not mean that Europe is without options. Europe is a rich continent, filled with enormous talent and world-class companies. It has a large internal market, stable institutions, and valuable allies and partners around the world. What Europe now needs is a new mindset. Europeans should not be acting as if the continent was “already convinced of its own decline,”³⁵ bracing for a defeat as an inevitable outcome of the AI race. Instead of such resignation, Europe needs to muster the courage, confidence, and conviction to lean on its many strengths, playing not just defense but also offense in the race. Such renewed ambition will allow Europe to scale those strengths and morph into a more autonomous power capable of writing its own AI future.

Finally, Europe should choose which AI race it wants to run. That choice itself is an exercise in technological sovereignty. European companies are unlikely to be the first to reach the frontier of artificial general intelligence, nor are they likely to persuade the world to adopt a European AI stack. But Europe can still win the race that matters most: the race to deploy AI at scale across its economy and public institutions in ways that enhance Europe’s prosperity, strengthen its security, and safeguard its democracy while managing AI’s risks to its citizens. Success in this race will require political leaders to make difficult trade-offs across competing policy objectives. If they approach those trade-offs with pragmatic ambition, they will be able to deliver Europe a selective, yet meaningful, form of technological sovereignty.

³⁵ Gilles Gressani, «[Europe’s ‘happy vassal’ complex](#)», The Financial Times, 11 August 2025.