

## America's tech kill-switch

*di Paola Tamma e Barbara Moens*

In Europe the reliance on US digital services is now so profound that daily life would almost cease to function without them. EU policymakers are looking with increased urgency for alternatives. Nicolas Guillou was not wholly surprised when he became the target of US sanctions in August 2025.

In his role as a judge at the International Criminal Court in The Hague, Guillou had issued arrest warrants for Israeli Prime Minister Benjamin Netanyahu and former defence minister Yoav Gallant over alleged war crimes in Gaza. Months earlier, some of his colleagues in the court had been similarly targeted by the US.

The shock was the reach of the sanctions. “It was not clear to us at that time the extent of disruption that it creates in our daily life,” Guillou says.

Within days, he was cut off from all the services that rely on US companies. He could not have an American credit card and instead had to rely on cash and national payment systems such as iDEAL in the Netherlands for online transactions.

Wire transfers bounced back. His hotel reservations on Booking.com and Expedia were cancelled. He could not rent a bike from the City of Paris's public Vélib' Métropole scheme, which requires a credit card guarantee. Packages delivered by UPS were returned to the sender. His health insurer tried to cut him off.

“Compliance departments have become so afraid of any potential consequence in the US that they prefer not to take any form of risk,” he says.

For European officials, Guillou's experience is a stark illustration of a broader vulnerability: how quickly the US can disrupt everyday life far beyond its borders by using its so-called kill switches — cutting off American tech and payment systems abruptly from users in Europe.

The idea that America might sever its services to the EU — or use access to them as bargaining chips for other goals — was long considered outlandish. But it has become less so since President Donald Trump returned to office last year and made clear his discontent with the US's traditional European allies.

Weaponising services would mark a clear escalation from trade disputes over goods and have huge repercussions for both sides. For decades, Europe's economic relationship with the US has been defined by deep integration: goods flowing westward across the Atlantic, services coming back the other way. The EU's surplus for goods in 2023 was €156.6bn; the EU's deficit for services that same year was €108.6bn.

As geopolitical tensions rise, that interdependence is seen by many EU capitals as a weakness that needs to be fortified as fast as possible.

“The US has the upper hand in this and they are very well aware of it,” says one senior EU diplomat, referring to the extent of Europe's reliance on American services. Nowhere is this dependency clearer than in the digital economy.

Many European policymakers are looking with increased urgency for alternatives to the American tech and financial giants that underpin the bloc's economy. In some specific sectors, Europe has an

advantage. It controls critical chokepoints in the global tech supply chain, most obviously through ASML.

The Dutch company dominates the market for the lithography equipment needed to produce cutting-edge chips and is used by manufacturers such as Intel and the Taiwan Semiconductor Manufacturing Company, which supplies Nvidia.

The US also depends on Europe in less obvious ways. European telecommunications companies including Nokia and Ericsson play a major role in global mobile network infrastructure.

“Dependency cuts both ways. If the US tried to decouple from European chip designers like ASML or mobile network suppliers like Nokia and Ericsson that underpin America’s telecom networks, the impact on the US economy would be just as severe,” says Alexandre Roure of the Computer & Communications Industry Association, whose members include many Big Tech groups. However, supply chains are themselves deeply interlinked. ASML depends on components from the US, where 20 per cent of its workforce is based.

“If you look under the hood, ASML has significant production in the US,” says Joris Teer, research analyst at the EU Institute for Security Studies.

That kind of interdependence makes escalation difficult and costly — a reason why Europe is trying to reduce its vulnerabilities. In finance, policymakers are speeding up work on pan-European payment alternatives to US systems such as Visa and Mastercard. One, led by a consortium of banks, plans to achieve “seamless cross-border payments across Europe by 2027” — but only in 13 countries.

A related measure, led by the European Central Bank, is the digital euro, which would be legally accepted across the 21-member-strong single currency area. But the proposal is subject to fraught negotiations in the European parliament and is unlikely to be put into operation before 2029.

“We need to move forward with what I call the ‘Airbus of payments’,” says Aurore Lalucq, chair of the European parliament economic committee, referring to the Boeing rival controlled by France, Germany and Spain. “It’s taken far too long.”

Europe also wants to build more domestic technology capacity. This month, the Commission is set to present a “tech sovereignty package” to boost the bloc’s cloud, AI and chips sectors, without excluding American companies, officials briefed on the package say.

Most officials and industry lobbyists acknowledge Europe cannot realistically replicate the US’s entire digital offering. But it may be able to carve out more strategic niches and even seek to dominate emerging technologies, such as the application of AI and quantum.

“The uncomfortable truth is that Europe hasn’t produced a [large technology company] of its own, despite trying for well over a decade,” says Roure of CCIA. “Before even considering protectionism, Brussels should ask why. And the answer is that building and scaling a tech business in the EU is still far too fragmented and complex.”

Some EU governments hope to rebalance the relationship through fiscal means. France, Italy, Spain, Austria, Hungary and Poland all have a form of digital tax, while Germany, Belgium, Latvia and Slovenia have announced plans for one. But there are drawbacks, possible US retaliation and the impact on European consumers among them.

“The key problem for the EU in taxing digital services is the lack of European alternatives in AI, social media, cloud services and other components of the digital industry,” says Jörg Kukies, former German finance minister.

“EU demand for digital services is inelastic, [meaning] the burden of price increases in response to digital taxes tends to be borne by European consumers, both retail and corporate.”

Another, higher-risk option would be restricting market access for large US tech companies, whose revenues and valuation rely on Europe's 450mn consumers, the richest and largest market outside the US.

At the height of this year's crisis over Greenland, when Trump threatened to take the Danish territory by force, diplomats say the majority of EU countries favoured using a measure known as the Anti-Coercion Instrument or, more colloquially, the bazooka, which allows the EU to target services imports. The EU remains divided on the issue, with France pushing in favour, and others led by Germany warning of the downsides.

The scale of Europe's dependence on US tech companies and digital services is only just beginning to dawn on citizens and policymakers. But it may be set to grow even more as the AI revolution takes off. Computing capacity, access to users and existing data are all likely to give the US more advantages in the race.

"You realise the extent to which you're dependent on these things," says Guillou, the judge in The Hague. "And how in fact something that you think you control is in fact not at all under your control."