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Report

European Technological Sovereignty: Human Values and Geopolitical Challenges

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Introduction: Tech for Europe

At a time when the US administration is bolstering the influence of Big Tech with minimal regulatory oversight, the need for robust governance mechanisms has never been more critical. The role of public interest, ethical regulation, and strategic policymaking must be reinforced to ensure technology remains a tool for societal benefit rather than unchecked corporate power. Within this context, it is crucial to engage in conversation and drive meaningful, cross-border solutions.

To address these challenges, Aspen Institute España, in collaboration with the European Council on Foreign Relations, convened a series of online sessions bringing together selected experts in the technological field to analyze and design a new digital and technological strategy for European governments and firms. These discussions focused on innovative approaches to navigating the rapidly evolving international digital landscape.

The goal was to develop a roadmap for sustainable technological prosperity, competitiveness, and resilience in an era where major powers—the U.S. under Trump, Russia, and China—are consolidating control over digital and technological advancements and infrastructure. Our audience includes European governments, firms, activist, academia or legislators, all of whom have a stake in shaping a fair, secure, and forward-looking digital future.

We will continue our work after this first edition. Here is a summary of the very rich conversation that took place.

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SIMPLIFICATION OR DEREGULATION?

The Omnibus Package, Digital Sovereignty, and the Future of European Regulation

January 12th, 2026

The first session of the **New European Digital Strategy Program**, co-organized by the Aspen Institute España and the European Council on Foreign Relations (ECFR), featured **Anu Bradford**, Professor of Law and International Organizations at Columbia Law School, and **José Ignacio Torreblanca**, Senior Adviser and Distinguished Policy Fellow at European Council on Foreign Relations (ECFR) and Senior Lecturer at the UNED University in Madrid. The discussion, moderated by **José M. de Areilza**, Secretary General of Aspen Institute España, examined whether the European Commission's evolving approach to competitiveness and its proposed digital "Omnibus Package" constitute a genuine reduction of bureaucracy and regulatory burden, or risk evolving de facto into deregulation. At the core of the debate was a broader strategic dilemma: how the European Union can reconcile economic competitiveness with regulatory ambition in an increasingly coercive and competitive geopolitical environment.

In this context, while acknowledging the existence of administrative burdens and existing internal market fragmentation, the session underscored that weakening or diluting core digital regulations, such as the Digital Markets Act (DMA), Digital Services Act (DSA), GDPR, and the AI Act, would undermine Europe's global leverage, democratic resilience, and strategic autonomy.

Building on this premise, a central argument emerging from the session was that framing digital policy as a choice between regulation and innovation is fundamentally misleading. Europe's technological gap is not primarily the consequence of excessive regulation but rather stems from structural weaknesses in critical areas such as the incomplete integration of its internal market, underdeveloped capital allocation mechanisms, and the limited depth and mobility of its cross-European talent ecosystem. Addressing these structural factors, rather than rolling back digital standards, will determine whether Europe maintains its position as a global regulatory power.

The Geopolitical Dimension of European Digital Regulation

The discussion highlighted that digital regulation can no longer be understood solely as a technocratic or administrative matter. Increasingly, regulatory frameworks shape geopolitical leverage and economic influence, and European digital rules have become central instruments through which the Union projects normative power internationally while influencing global market behavior.

In this context, it was discussed that the EU's regulatory influence stems from the interaction of several mutually reinforcing elements: the scale of the European market combined with regulatory standards, the normative legitimacy of rules rooted in the protection of rights, and the credibility of enforcement. Access to the European market remains essential for global technology companies, which frequently adapt their practices worldwide in order to comply with European rules built around principles of privacy, competition, accountability, and democratic safeguards that distinguish the EU from both market-driven and state-centric regulatory models. Ultimately, the effectiveness of this framework depends not only on legislative ambition but also on the perception that these rules will be applied consistently and defended politically.

Within this broader geopolitical environment, regulatory credibility becomes a strategic asset. Any perception that Europe is weakening its regulatory commitments risks reducing its global influence and may signal vulnerability in the face of external pressure. Simplification measures that undermine the credibility of digital safeguards could therefore carry consequences extending far beyond administrative efficiency.

The false dilemma between regulation and innovation

Another central theme emerging from the discussion was the rejection of the widespread assumption that regulation necessarily constrains technological development. While administrative complexity can create inefficiencies, it was discussed that Europe's technological underperformance cannot be explained primarily by regulatory ambition. Rater,

the discussion highlighted a series of structural economic constraints that have historically limited the ability of European firms to scale and compete globally.

These constraints include the fragmentation of the digital single market, which continues to impose regulatory, linguistic, and cultural barriers that complicate cross-border expansion and limit economies of scale. The discussion also underscored the underdevelopment of European capital markets, particularly in late-stage venture financing, which often pushes promising technology firms to seek investment and expansion opportunities abroad. It was also noted that factors discouraging entrepreneurial risk-taking include restrictive bankruptcy frameworks, which impose comparatively severe penalties for failure, as well as limited mobility within the European talent ecosystem, which reduces the circulation of knowledge and expertise that typically fuels innovation clusters.

Weakening regulatory protections does not address these structural challenges. On the contrary, predictable regulatory frameworks can create the trust and legal certainty required for innovation ecosystems to flourish. When designed effectively, digital governance may also contribute to more competitive markets by preventing excessive concentration and maintaining contestability within digital platforms.

Enforcement and regulatory credibility

Another central theme of the discussion concerned the role of enforcement in sustaining the EU's regulatory influence. Participants emphasized that legislative ambition alone is insufficient when enforcement mechanisms remain uneven across member states or politically constrained. In practice, several factors can weaken the credibility of regulatory frameworks. Among these challenges is fragmented implementation across national authorities, which can produce uneven compliance environments and regulatory uncertainty. Enforcement processes may also become lengthy, particularly in complex digital competition and data protection cases. At the same time, political hesitation to confront dominant market actors can dilute the deterrent effect of existing legislation.

Weak enforcement ultimately erodes the credibility of Europe's digital regulatory framework. Firms may come to view compliance risks as manageable, external partners may question the durability of European standards, and citizens may lose confidence in digital protections. In this context, simplification measures that reduce procedures without strengthening enforcement risk deepening these vulnerabilities.

Digital severignty and strategic autonomy

The debate surrounding the Omnibus Package and its implications for potentially weakening Europe's regulatory power is closely linked to Europe's broader pursuit of strategic autonomy in the digital domain. During the discussion, it was emphasized that technological dependencies across key infrastructure layers, ranging from cloud services to advanced computing and artificial intelligence, continue to shape Europe's geopolitical exposure. Moreover, digital governance increasingly intersects with questions of sovereignty and democratic resilience, as protecting citizens' rights in digital environments is no longer merely a regulatory choice but an essential component of political stability.

Europe's regulatory model also holds significant international relevance. Its emphasis on fundamental rights and accountability offers an alternative to both laissez-faire regulatory approaches (such as those associated with the United States) and highly centralized state control of digital ecosystems (as exemplified by China). Consequently, it was highlighted that preserving the credibility of this model directly contributes to Europe's broader geopolitical influence, while any weakening of core digital safeguards risks diminishing that influence at a moment when global competition over technological governance models is intensifying.

A structural approach to competitiveness

If Europe seeks to close its technological gap, the discussion suggested that reforms should focus primarily on strengthening the economic foundations of innovation rather than weakening existing regulatory frameworks. Several structural priorities emerged repeatedly during the discussion. In particular, participants highlighted the importance of completing the digital single market, enabling firms to scale seamlessly across national boundaries and operate within a genuinely integrated European market. They also emphasized the need to advance capital markets union, which would provide deeper pools of investment for technology companies and reduce reliance on external financing.

At the same time, the discussion pointed to the importance of reforming insolvency frameworks in order to encourage entrepreneurial experimentation by lowering the long-term penalties associated with business failure. Finally, policies aimed at attracting and retaining global technological talent were identified as essential to ensure that Europe remains competitive in emerging sectors such as artificial intelligence and advanced computing.

Conclusion

The debate surrounding the digital Omnibus Package reflects a broader strategic question about Europe's role in shaping the future of digital governance. Simplification may offer administrative benefits, but if pursued without careful consideration it risks undermining regulatory credibility and weakening Europe's global influence. The discussion made clear that Europe's principal vulnerabilities lie not in excessive regulation but in fragmented markets, limited capital integration, and uneven enforcement. Addressing these structural constraints while preserving the integrity of digital safeguards represents the more sustainable path toward both competitiveness and strategic autonomy.

Europe's regulatory model remains one of its most powerful instruments of international influence. Consequently, in the current geopolitical context, maintaining that credibility, while simultaneously strengthening the economic foundations of innovation, will determine whether the European Union continues to shape the global digital order or is forced to adapt to standards defined by competing powers.

MARKET POWER
Instruments, Strategy, Will

February 11, 2026

The second session of the **European Technological Sovereignty: Human Values and Geopolitical Challenges Program**, co-organized by the Aspen Institute Spain and the European Council on Foreign Relations (ECFR), featured **Carissa Véliz**, Associate Professor at the University of Oxford, and **Mehreen Khan**, Economics Editor of The Times. The discussion, moderated by **José M. de Areilza**, Secretary General at Aspen Institute España, examined the relationship between technological market power, democratic governance, and the political capacity of states to regulate digital platforms in an era increasingly defined by geopolitical competition and economic concentration.

At the core of the discussion was a broader strategic question: whether liberal democracies still possess the political instruments, institutional capacity, and regulatory will required to shape the behavior of dominant technology firms. While the rise of global digital platforms has generated considerable economic dynamism, it has also led to unprecedented concentrations of economic power and informational influence that increasingly challenge democratic governance, public accountability, and geopolitical balance.

Within this context, the discussion emphasized that technological market power is no longer solely an economic issue but a structural political challenge. Digital platforms increasingly operate as critical infrastructure within contemporary societies, shaping the flow of information, economic transactions, and political discourse. As a result, questions of competition policy, digital regulation, and technological governance are becoming central components of democratic resilience.

Market power and the structure of digital economies

A central theme emerging from the discussion concerned the structural sources of market concentration within digital economies. The dominance of major technology platforms, most of which are headquartered in the United States, is not simply the result of innovation or market success but

also reflects structural characteristics of digital markets that reinforce concentration and allow a small group of firms to exercise disproportionate influence over global digital and economic infrastructures, with direct implications for democratic governance and resilience.

Within this context, the discussion highlighted that the traditional tools of competition policy may struggle to address the speed and scale of technological concentration. Regulatory authorities frequently face challenges in responding to rapidly evolving market dynamics, while digital platforms often operate across multiple jurisdictions and regulatory frameworks. These dynamics have generated a growing debate over whether existing regulatory instruments are sufficient to address market power in the digital economy, or whether new approaches to digital governance are required, particularly given the broader implications of technological concentration for democratic resilience and institutional stability.

Data, power, and democratic vulnerabilities

Another major theme of the discussion concerned the political implications of data concentration and digital surveillance. Digital platforms increasingly rely on large-scale data extraction and behavioral profiling as central components of their business models. While these practices have generated economic value and technological innovation, they also raise significant ethical and political concerns.

The discussion highlighted that the large-scale accumulation of personal data creates asymme-

tries of power between individuals, corporations, and governments. These asymmetries may weaken individual autonomy, distort market competition, and create vulnerabilities within democratic systems.

In particular, the ability of digital platforms to collect, analyze, and monetize personal information raises growing concerns about the erosion of privacy and the increasing economic exploitation of personal data. The expansion of surveillance-based business models may also shape political discourse, influence public opinion, and affect the broader information ecosystem in ways that challenge democratic accountability. At the same time, the concentration of large-scale personal data in the hands of a small number of platforms creates structural vulnerabilities, as such information can be used to predict, target, and potentially manipulate individual and collective behavior at scale. For these reasons, the governance of personal data has become a central issue within debates on digital sovereignty, democratic resilience, and the protection of democratic institutions.

The role of the state in digital governance

The discussion also examined the evolving role of governments in addressing technological concentration and regulating digital markets. While technology companies frequently present themselves as neutral platforms or innovation-driven enterprises, their influence over information flows, economic activity, and public debate gives them significant structural power within contemporary societies. This reality raises a broader question about the capacity and willingness of democratic governments to regulate powerful private actors. Effective digital governance requires not only legislative frameworks but also political determination, regulatory expertise, and institutional coordination.

In this regard, the discussion emphasized that technological governance increasingly reflects a broader contest between different political and economic models. Regulatory approaches adopted by democratic governments must balance innovation, economic competitiveness, and the protection of fundamental rights. At the same time, these frameworks operate within a global environment where alternative governance models, including more centralized or state-controlled systems, continue to shape the technological landscape.

European digital governance in a digital context

The European Union occupies a distinctive position within global debates on digital governance. European regulatory frameworks have historically emphasized the protection of fundamental rights, privacy, and market competition. Through legislation such as the General Data Protection Regulation (GDPR) and the Digital Markets Act, the EU has sought to establish governance standards capable of shaping global technological practices. In this context, both panelists highlighted several key dimensions of Europe's role in global digital governance:

First, the normative foundations of EU regulation remain central. European digital governance reflects broader political values, including human dignity, democratic accountability, and the rule of law. Maintaining the credibility of this regulatory model requires sustained political commitment and effective enforcement. At the same time, regulation also functions as an instrument of strategic influence. In an international environment where technological leadership increasingly carries geopolitical implications, digital regulation also functions as an instrument of strategic influence. European standards frequently shape global regulatory practices, as access to the European market requires compliance with EU legal frameworks.

However, the discussion also highlighted the limits of regulatory leadership. Regulatory influence alone may not be sufficient if it is not accompanied by technological innovation and economic competitiveness. Ultimately, Europe's capacity to shape global digital governance will depend on its ability to maintain a careful balance between regulatory ambition and technological dynamism.

Conclusion

All in all, this session highlighted that the governance of digital market power represents one of the central challenges facing contemporary democracies. As digital platforms accumulate economic influence, control over data, and informational reach, questions of regulation, accountability, and democratic oversight become increasingly urgent. Whether democratic governments retain the capacity to shape technological power or instead adapt to structures defined by dominant private actors, will play a decisive role in shaping the future of digital economies and democratic societies.

NATIONAL SECURITY

Industrial Policy, Sovereignty, Technological Emancipation

March 2, 2026

The third session of the **European Technological Sovereignty: Human Values and Geopolitical Challenges Program** featured **Angela Zhang**, Professor of Law at the University of Southern California, and **Anna Wojtas**, Co-Founder of Women in Defense Tech and a defense technology specialist. The discussion, moderated by **José M. de Areilza**, Secretary General of Aspen Institute España, explored the intersection between technological competition, geopolitical power, and the strategic role of emerging technologies in defense and security.

At the center of the discussion was a broader strategic question: how technological innovation, particularly in artificial intelligence and advanced digital systems, is reshaping geopolitical competition between major powers. Technological capabilities increasingly influence not only economic competitiveness but also military capacity, industrial resilience, and national security. As a result, debates surrounding technological sovereignty have moved beyond regulatory questions and now directly affect the strategic balance between democratic and authoritarian systems.

Diverging models of technological governance

The discussion highlighted that technological competition is increasingly shaped by distinct governance models adopted by major global powers. These models reflect different political priorities, institutional structures, and strategic objectives. In this complex geopolitical context, several key dynamics were emphasized.

State coordination and technological scaling represent one important dimension of these dynamics. In some political systems, governments play a highly active role in coordinating technological development, facilitating rapid experimentation, and enabling large-scale deployment of emerging technologies. This capacity for coordinated industrial policy can accelerate technological diffusion, particularly in sectors such as artificial intelligence applications, autonomous systems, and robotics.

Another relevant element concerns the use of regulation as a tool of political control and economic strategy. Regulatory frameworks may simultaneously serve multiple objectives, including political oversight, national security priorities, and industrial development. In certain contexts, regulatory intervention focuses heavily on content governance and political stability, while economic experimentation in other technological domains remains comparatively flexible. At the same time, technological leadership increasingly depends not only on frontier research but also on the ability to scale production and deploy technologies at industrial levels. Manufacturing capacity, supply chain integration, and rapid iteration cycles can therefore provide significant advantages in emerging sectors such as robotics, autonomous systems, and artificial intelligence applications.

Consequently, these dynamics illustrate that technological and defense competition is not solely a race for frontier innovation, but also a contest over industrial organization, regulatory models, and the ability to translate innovation into scalable economic and strategic capabilities.

Defense innovation and the changing security landscape

Another major theme of the discussion concerned the growing role of technological innovation within the defense sector. Recent geopolitical developments have accelerated investment in defense technologies, particularly in areas such as artificial intelligence, autonomous systems, and digital intelligence capabilities. The discussion highlighted several structural challenges shaping Europe's defense innovation ecosystem.

One major challenge relates to fragmented procurement structures. Unlike other major powers, European defense procurement remains divided across numerous national systems. The absence of a unified procurement framework complicates coordination, limits economies of scale, and slows the adoption of emerging technologies. At the same time, the discussion highlighted the growing tension between innovation cycles and institutional rigidity. Technological innovation within defense sectors increasingly operates on extremely rapid development cycles, and in some domains, such as unmanned systems, technological improvements can occur within weeks. Traditional procurement mechanisms, however, remain structured around long development timelines and highly detailed requirement frameworks, making it difficult for defense institutions to adapt to rapid technological change.

Another important constraint mentioned in this session concerns the scaling of industrial production. Even where technological innovation is successful, scaling production remains a significant challenge. Defense industries often face capacity constraints, supply chain limitations, and long production timelines that restrict their ability to respond quickly to shifting security demands. These structural constraints suggest that technological innovation alone may not be sufficient to strengthen Europe's strategic capabilities. Institutional reform, industrial scaling, and procurement modernization are therefore likely to play equally critical roles.

Technological sovereignty and strategic dependence

The discussion also addressed the broader question of technological sovereignty and the extent to which European countries remain dependent on external technological infrastructures. During the session it was highlighted that in several key technological domains, including AI infrastructure, satellite connectivity, and advanced semiconductor supply chains, European capabilities remain partially reliant on external providers. These dependencies raise broader questions about strategic autonomy and resilience within critical technological systems.

One key concern relates to Europe's dependence on external digital infrastructure. Many critical technological systems, including AI infrastructure and cloud computing platforms, remain dominated by non-European providers, creating potential strategic vulnerabilities in areas ranging from economic competitiveness to national security. At the same time, the discussion highlighted the limitations of domestic technological ecosystems. While Europe possesses strong research institutions and technological talent, transforming these capabilities into globally competitive industrial ecosystems remains a persistent challenge.

A further concern stems from fragmented innovation environments across Europe. Regulatory and institutional fragmentation can limit the emergence of large-scale innovation clusters capable of competing with the more integrated ecosystems found in other technological powers. Addressing these vulnerabilities will likely require deeper coordination across European institutions, greater investment in technological infrastructure, and stronger integration of research, industrial policy, and strategic planning.

Ethical constraints and technological competition

A further dimension of the discussion addressed the role of ethical constraints in technological development, particularly in defense-related applications of artificial intelligence. While ethical governance frameworks remain an important component of democratic technological systems, the discussion acknowledged that technological competition increasingly unfolds within a broader context of geopolitical rivalry and security pressures. Under such conditions, balancing ethical safeguards with operational effectiveness becomes significantly more complex.

Emerging technologies in areas such as autonomous systems, AI-enabled targeting, and digital battlefield intelligence raise fundamental questions about accountability, human oversight, and the role of automated decision-making in military environments. While ethical standards may guide technological development in peacetime, conflict environments often place intense pressure on regulatory and ethical constraints. This tension highlights the broader challenge facing democratic societies: how to preserve normative commitments while remaining competitive within rapidly evolving technological and geopolitical landscapes.

Conclusion

The discussion underscored that technological competition increasingly shapes the strategic environment in which democracies operate. AI, advanced digital systems, and emerging defense technologies are no longer merely economic tools but central components of geopolitical power. While technological innovation offers significant opportunities for economic growth and strategic resilience, it also introduces new governance challenges. Differences in regulatory approaches, industrial policy coordination, and political priorities are producing distinct technological trajectories across global powers.

For Europe, strengthening technological sovereignty will require more than regulatory leadership. It will depend on the ability to build integrated innovation ecosystems, scale industrial production, and align technological development with broader strategic objectives. Ultimately, the future balance between technological innovation, democratic governance, and geopolitical competition will play a decisive role in shaping the global digital order.

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