

Funcas Intelligence

FROM WASHINGTON TO BEIJING: CHALLENGES FOR EUROPE IN A FRACTURED SYSTEM

A Summer of Central Banks under Pressure

Trump's Squeeze on the Independence of the U.S. Federal Reserve

U.S. Pharmaceutical Protectionism

Global Minimum Tax in Flux

China's Technological Rise

September 2025

Funcas Intelligence

FROM WASHINGTON TO BEIJING: CHALLENGES FOR EUROPE IN A FRACTURED SYSTEM

A Summer of Central Banks under Pressure
Trump's Squeeze on the Independence of the U.S. Federal Reserve
U.S. Pharmaceutical Protectionism
Global Minimum Tax in Flux
China's Technological Rise

September 2025

Funcas Intelligence (FI) is a publication directed towards a broad base of international and Spanish readers. Funcas Intelligence's focus is to identify and assess the game changers and relevant events of the global economy and the financial sector with potential impact for Spain.

FI is produced by the staff of Funcas under the direction and supervision of Managing Editors Ms. Alice Faibishenko and Mr. Juan Núñez-Gallego. We would like to especially thank Santiago Carbó Valverde for providing the views expressed in the article titled, *A Summer of Central Banks under Pressure*.

The opinions, judgements, and forecasts contained in *FI* do not necessarily represent those of the Board of Trustees of Funcas, nor those of the Spanish Confederation of Savings Banks (CECA).

Contents

A Summer of Central Banks under Pressure pg. 5

Both the ECB and the Federal Reserve kept official interest rates unchanged at their latest meetings, against a backdrop of tariffs, policy uncertainty, and mounting tensions between the Fed and the Trump administration. At the Jackson Hole Symposium in late August, Jerome Powell signaled a long-anticipated rate cut in September, marking a shift in the Fed's policy outlook.

Trump's Squeeze on the Independence of the U.S. Federal Reserve pg. 7

President Trump's unprecedented and controversial political pressure campaign to demand interest rate cuts is testing the institutional independence of the U.S. Federal Reserve. Capitulating to these demands risks triggering a crisis of credibility that could de-anchor inflation expectations, increase market volatility, and destabilize the U.S. and global financial system.

U.S. Pharmaceutical Protectionism Pg. 13

President Trump's tariffs and price controls aim to lower U.S. drug costs, but the policies would also threaten some European economies and leave patients on both sides of the Atlantic with higher prices, drug shortages, and fewer innovative medicines. This transatlantic pharma trade war is forcing companies to shift investments to the United States, creating a high-stakes standoff that may benefit U.S. manufacturing at the expense of European industry and patient access to affordable drugs.

Global Minimum Tax in Flux pg. 18

The landmark 15% Global Minimum Tax agreement, designed to promote a fairer international tax system, is fracturing due to a U.S. carve-out agreement that creates an uneven playing field for multinational firms. This growing divergence undermines the international framework, with the U.S. blocking implementation and the Global Minimum Tax effectively on hold, leaving the EU to contend with reduced tax revenues, internal policy disputes, and a competitive disadvantage for its firms.

China's Technological Rise

pg. 22

The United States views China's technological rise as an existential security threat, wielding sanctions and export controls like a "sledgehammer," while the EU has adopted a more cautious approach to ensure it can continue to reap the economic benefits from China despite its increasing concerns about economic competitiveness and national security. Beijing is exploiting the EU's divisions, and the bloc's fragmented policies will leave some Member States vulnerable and dependent on Chinese technology.

A Summer of Central Banks under Pressure

Politics, tariffs, and a crosswind for the dollar

- Both the ECB and the Federal Reserve kept official interest rates unchanged at their latest meetings, against a backdrop of tariffs, policy uncertainty, and mounting tensions between the Fed and the Trump administration.
- At the Jackson Hole Symposium in late August, Jerome Powell signaled a long-anticipated rate cut in September, marking a shift in the Fed's policy outlook.

July saw the Fed and the ECB keep rates unchanged, but Powell's Jackson Hole speech in August explicitly opened the door to rate cuts "if employment weakens," against the backdrop of unprecedented tensions between the Federal Reserve and the Trump Administration. Meanwhile, the U.S. struck a trade deal with the EU. The U.S. also recalibrated and extended its tariff framework with China, while escalating measures against other partners. Short-term inflationary impacts are clashing with mixed growth signals and a more volatile dollar. In the euro area, the ECB held rates steady with inflation near target and growth subdued but resilient.

United States: July hold, Jackson Hole conditional pivot, and peak political noise

On July 30th, the Fed kept the fed funds range at 4.25–4.50%, continuing balance sheet reduction. The statement reiterated data dependency and a balanced risk assessment. Powell avoided any pre-commitment to September moves. However, July's minutes showed two votes against the decision. Governors Bowman and Waller preferred to lower the target range for the federal funds rate by 25 bps.

During the Jackson Hole Symposium (late August) Powell acknowledged that "cuts could be necessary" if the labor market weakens materially, while noting that inflation remains above 2% and tariff effects should be "transitory" under the baseline. The tone was cautious, stressing the asymmetry of risks.

August also marked a major clash: the Trump Administration attempted to remove Governor Lisa Cook, a move likely headed for legal battle and seen as a direct challenge to Fed independence. Reports of plans to also exert control over regional Fed presidencies further heightened institutional risk, weighing on market confidence in U.S. assets.

Regarding markets' reaction to this news, U.S. Treasuries rallied after the July decision, particularly in the intermediate and long maturities. Following Jackson

During the Jackson Hole Symposium (late August) Powell acknowledged that "cuts could be necessary" if the labor market weakens materially, while noting that inflation remains above 2% and tariff effects should be "transitory" under the baseline

Hole, markets priced in a high probability of a September cut. As for the U.S. dollar, the currency is caught between two opposing forces: (1) relative rate and growth advantages still supporting the USD, and (2) a rising institutional risk premium from political interference with the Fed and trade fragmentation. In August, market sentiment showed a tactical bearish bias, with expectations of Fed cuts and political noise weighing on the greenback. Over the next 3 to 6 months, many analysts expect a more volatile but non-directional U.S. dollar; upside will be capped by persistent political noise and global resilience, while downside will be limited if U.S. growth re-accelerates or tariffs sustain relative inflation differentials.

Euro Area: ECB on hold with inflation at target and weak but resilient growth

On July 24th, the ECB kept all three key interest rates unchanged (deposit facility at 2.00%). The Governing Council judged inflation to be “around 2%,” while noting easing domestic pressures and an economy showing “resilience” despite global headwinds. Markets interpreted the decision as continuity in a gradual and data-driven easing cycle.

While rate differentials still favor the USD over the euro, political noise in Washington has partly eroded this advantage

The euro maintained a range of 1.16–1.18 against the dollar. While rate differentials still favor the USD, political noise in Washington has partly eroded this advantage.

U.S. tariffs: Agreement with the EU, adjustments with China, and escalation in other areas

The U.S. and EU trade deal reached in July is seen as favoring the U.S., with analysts warning the EU conceded more and could face a 0.5% GDP hit

The U.S. and EU struck a trade deal, after talks in Scotland in July. The announcement by President Donald Trump and European Commission President Ursula von der Leyen offered clues about which sectors and groups could be hit hardest or have the most to gain. It looks to most analysts that the EU has given up more, with some suggesting a 0.5% hit to EU GDP.

The Trump Administration also extended by 90 days the “truce” on tariff escalation with China while negotiations continue, after a series of decrees that recalibrated the reciprocal tariff structure introduced in the spring. The current framework suspends previously planned hikes and keeps provisional rates in place.

New tariffs were announced or threatened against other countries and sectors, with rhetoric intensifying in cases such as India. Regulatory uncertainty and retaliation risk have increased significantly.

EXHIBIT 1.0 – RECENT TRADE DEVELOPMENTS AND ECONOMIC IMPACTS

Country/Region	Status (July–Aug)	Impact
EU	Trade deal reached	EU GDP hit ~0.5%, U.S. favored
China	90-day tariff truce	Ongoing negotiations, provisional rates maintained
India & others	Threats/escalations	Increased uncertainty & retaliation risk

Trump's Squeeze on the Independence of the U.S. Federal Reserve

Risks and global consequences

- President Trump's unprecedented and controversial political pressure campaign to demand interest rate cuts is testing the institutional independence of the U.S. Federal Reserve.
- Capitulating to these demands risks triggering a crisis of credibility that could de-anchor inflation expectations, increase market volatility, and destabilize the U.S. and global financial system.

Introduction

The principle of central bank independence is a core tenet of modern Western economic policy, designed to insulate monetary decisions from short-term political whims and prevent inflationary spirals. In the United States, this autonomy, enshrined in law and reinforced by institutional norms, has enabled the Federal Reserve (Fed) to serve as a key pillar of macroeconomic stability and a model for policymakers worldwide.

Mounting pressure from President Donald Trump—marked by personal insults, coercive demands, and now efforts to oust one of its leaders—presents a stark challenge to its institutional autonomy. Trump's tactics are testing the resilience of Fed independence, the credibility of U.S. monetary policy, and the stability of the global financial system.

The rationale for independence

The independence of a central bank is not an academic abstraction. Experience has shown that political institutions often fail to maintain stable prices.¹ When politicians control monetary policy, they are tempted to create short-term economic booms by pursuing artificially low interest rates or buying government debt. This approach inevitably leads to damaging, high-inflation, volatile growth, and weakened currencies.² Notable examples include Germany in the 1920s, Hungary in the 1940s, Zimbabwe in the late 2000s, and Turkey in the 2020s. There are also examples of central banks maintaining their independence in the face of political pressure, such as Germany in 1990, Mexico in the 1990s, and India in the 2010s.

In the United States, the Federal Reserve Act, first enacted in 1913, includes several protections to guard against political interference.³ Governors are appointed to 14-year terms in staggered terms. They can only be removed “for

Mounting pressure from President Donald Trump on the Federal Reserve—marked by personal insults, coercive demands, and now efforts to oust one of its leaders—presents a stark challenge to its institutional autonomy

cause” to insulate them from political influence. And the Federal Open Market Committee’s (FOMC) voting structure is designed to foster consensus-based, data-driven decisions.

The country learned firsthand about the risks of politicizing the Fed in the 1970s and 1980s. President Nixon exerted political pressure on Chairman Arthur Burns to lower interest rates in advance of the 1972 election, which contributed to runaway inflation in the 1970s.⁴ The next Chairman, Paul Volcker, undertook a painful and unpopular disinflationary campaign of aggressive rate hikes in the early 1980s. The policies initially triggered a deep economic recession before they successfully returned inflation to low single digits.⁵

By comparison, the European Central Bank (ECB) has demonstrated greater resilience than the Fed in maintaining its independence since its creation in 1998. Like the Fed, it prioritizes making decisions on interest rates and asset purchases by unanimity, further reinforcing its non-political nature.⁶ However, the ECB’s multinational structure inherently diffuses political influence from any single government, and its appointment process involves multiple stakeholders, making it difficult for one political entity to exert undue influence.⁷

A president’s war on the Fed

President Trump has publicly demanded that the Fed slash interest rates by as much as three percentage points to stimulate growth and reduce borrowing costs

President Trump has publicly demanded that the Fed slash interest rates by as much as three percentage points to stimulate growth and reduce borrowing costs.

Trump has long been a vocal critic of Powell, whom he appointed in 2018, during his first term. His attacks have escalated from insults and criticism to threats to fire Chairman Powell. He informed members of Congress in July that he drafted a letter to fire Powell.⁸ He publicly criticized Powell for cost overruns of building renovations, using it as a possible justification to push Powell out of his position before his term as Chair expires in May 2026.⁹

However, in late August, Trump shifted his focus to Lisa Cook, who was appointed by former President Biden in 2022 to serve a 14-year term on the Fed Board of Governors. Trump announced in late August that he fired her “for cause,” alleging that she committed mortgage fraud in 2021. This move was seen by many as a politically motivated and legally dubious move to test the boundaries of the law and relevant Supreme Court rulings. It also marked the first time a President had attempted to fire a Fed governor.¹⁰ In response, Cook sued Trump, calling her firing an “unprecedented and illegal” move.¹¹

Underlying this political pressure is the stark reality of the U.S. debt trajectory. With rising deficits and ballooning servicing costs, the White House is increasingly motivated to lower interest rates to manage the government’s borrowing expenses. President Trump has claimed that a significant rate cut could save the government \$1 trillion annually in interest costs.¹²

Powell's tightrope walk

Caught between the mounting political pressure and his mandate to guide the economy, Chairman Powell has been forced into a delicate balancing act.

In a late August speech, Powell highlighted inflation risks, noting early signs of rising price pressures, while also acknowledging slack in labor and growth, especially amid soft wage data and a cooling expansion.¹³ He struck a carefully balanced tone, though he opened the door to a potential interest rate cut at the Fed's upcoming 16-17 September meeting. U.S. financial markets soared on the prospect of a forthcoming rate cut.¹⁴

The challenge for Powell is that any interest rate reduction—even if justified by economic data—risks being perceived as political capitulation. If markets and other external actors question the Fed's commitment to discipline, the long-term consequences could be severe.

The challenge for Powell is that any interest rate reduction—even if justified by economic data—risks being perceived as political capitulation

Implications

The loss of the Fed's credibility would distort the transmission mechanisms of monetary policy, potentially impairing the bank's credibility. In turn, this could lead to less effective monetary policy, higher inflation expectations, and a weakened ability to control long-term interest rates.¹⁵ It would also lead to reduced capital flows, loss of currency confidence, and higher borrowing costs in international debt markets.¹⁶

In the near term, the effects are likely to include heightened volatility in U.S. Treasuries and the dollar, along with higher risk premiums on U.S. assets as markets demand compensation for the new political risk.¹⁷ In the longer term, it could lead to the potential de-anchoring of inflation expectations, create a precedent for future political meddling in Fed policymaking, and erode global confidence in the United States as a stable anchor of monetary policy.¹⁸

The spillover effects would be felt acutely by different actors.

For investors, political interference undermines confidence in predictable, data-driven policymaking, which would lead to market instability. They may also retreat from U.S. assets, which could heighten future funding costs.

The United States would suffer from higher long-term borrowing costs and a tarnished credibility in inflation targeting, undermining one of its key economic strengths.¹⁹

These risks are not confined to U.S. markets. The erosion of Fed autonomy would also threaten to destabilize the global financial system.

The erosion of Fed autonomy poses grave risks that extend far beyond the United States, threatening to destabilize the global financial system

For emerging economies, a loss of confidence in the Fed could weaken the dollar and lead to increased capital outflows from the United States. More importantly, those with large amounts of dollar-denominated debt would face higher repayment costs. They could also experience capital flight as investors seek safer havens, making it more expensive to finance their development.

In Europe, significant monetary policy divergence between the United States and the EU could destabilize transatlantic capital flows and create new economic challenges.

Globally, more volatile dollar cycles, increased emerging market debt stress, and warnings from international agencies about fragile resilience underscore the gravity of the threat. The International Monetary Fund (IMF) and other international bodies would face immense challenges without the United States as a stable monetary anchor. It could trigger a wave of financial crises, leading to a surge in bailout requests that could strain IMF resources and reduce trust in the global financial order.

Conclusion

The debate is not whether the Fed should be independent—that principle is broadly settled. The critical question today is how severe the consequences will be if Trump succeeds in imposing his will on the institution. By pressuring the FOMC and threatening its leadership, he risks setting a dangerous precedent for future political meddling that could take decades to reverse.

It is worth noting that there are extraordinary circumstances under which short-term coordination between fiscal and monetary policy can be justified, such as preventing a total economic collapse or financing a significant war effort.²⁰ For example, the Fed agreed to the Treasury Department's request to keep interest rates low to support the war during and after World War II.²¹ The current situation, however, does not meet those criteria.

Whether his actions are ultimately viewed as credible policymaking or political submission will test the durability of the Fed and place at risk the role of the United States as the bedrock of global financial stability

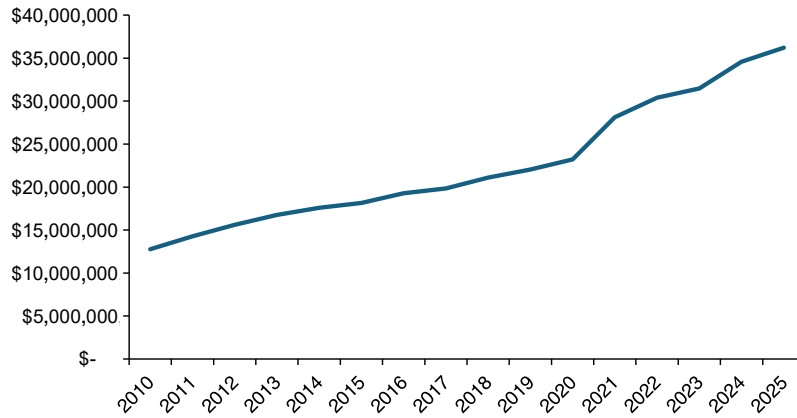
Chairman Powell is not just navigating economic data; he is defending an institutional pillar of global finance. Whether his actions are ultimately viewed as credible policymaking or political capitulation will test the durability of the Fed and the resilience of international monetary systems.

EXHIBIT 2.0 – HISTORICAL EXAMPLES OF POLITICIZED MONETARY POLICY

Country	Decade	Economic Consequence
Germany	1920s	Hyperinflation
Hungary	1940s	Hyperinflation
United States	1970s	Runaway inflation
Zimbabwe	2000s	Hyperinflation
Turkey	2020s	Runaway inflation

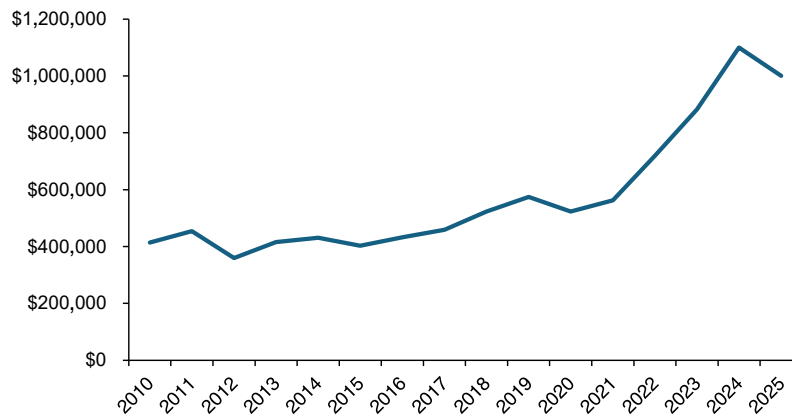
Source: International Monetary Fund.

EXHIBIT 3.0 – TOTAL U.S. PUBLIC DEBT, Q1 2010 – Q1 2025 (MILLIONS OF DOLLARS)



Source: Federal Reserve Bank of St. Louis.

EXHIBIT 4.0 -- INTEREST EXPENSE ON THE NATIONAL DEBT, FY 2010 – FYTD 2025 (MILLIONS OF DOLLARS)



Note: Last updated July 31st, 2025.

Source: U.S. Department of the Treasury.

Notes

- ¹ <https://www.bde.es/f/webbde/Secciones/Publicaciones/InformesBoletinesRevistas/RevistaEstabilidadFinanciera/10/May/Fic/ref0318.pdf>
- ² <https://www.ft.com/content/d2eab80f-1314-41f1-8c1e-5fc3bbfb1e43>
- ³ <https://www.nytimes.com/2025/08/27/us/politics/supreme-court-fed-trump.html>
- ⁴ <https://www.nytimes.com/2023/04/21/business/economy/arthur-burns-inflation-paul-volcker.html>
- ⁵ <https://fortune.com/2025/08/22/why-federal-reserve-independence-matters-trump-powell-reagan-volcker/>
- ⁶ <https://www.bruegel.org/system/files/2022-07/PC%2012%202022.pdf>
- ⁷ *Ibid.*
- ⁸ <https://www.nytimes.com/2025/07/16/us/politics/trump-powell-firing-letter.html>
- ⁹ <https://www.bbc.com/news/articles/c1ljvg1e7eo>
- ¹⁰ <https://www.nytimes.com/2025/08/27/us/politics/supreme-court-fed-trump.html>
- ¹¹ <https://www.nytimes.com/interactive/2025/08/28/business/lisa-cook-lawsuit-trump.html>
- ¹² <https://www.reuters.com/world/us/trumps-interest-rate-demands-put-fiscal-dominance-market-spotlight-2025-08-19>
- ¹³ <https://www.federalreserve.gov/newsevents/speech/powell20250822a.htm>
- ¹⁴ <https://edition.cnn.com/business/live-news/fed-powell-jackson-hole>
- ¹⁵ <https://english.elpais.com/economy-and-business/2025-08-27/why-is-central-bank-independence-important-and-what-happens-when-it-is-under-attack.html>
- ¹⁶ *Ibid.*
- ¹⁷ <https://www.morningstar.com/markets/why-feds-independence-matters-markets-economy-your-wallet>
- ¹⁸ <https://www.reuters.com/business/finance/loss-central-bank-independence-could-lead-instability-imf-warns-2025-07-29/>
- ¹⁹ <https://www.ft.com/content/d2eab80f-1314-41f1-8c1e-5fc3bbfb1e43>
- ²⁰ <https://www.imf.org/en/Publications/fandd/issues/2023/03/an-unconventional-collaboration-giancarlo-corsetti>
- ²¹ <https://www.ft.com/content/d2eab80f-1314-41f1-8c1e-5fc3bbfb1e43>

U.S. Pharmaceutical Protectionism

Risks to Europe and patients

- President Trump's tariffs and price controls aim to lower U.S. drug costs, but the policies would also threaten some European economies and leave patients on both sides of the Atlantic with higher prices, drug shortages, and fewer innovative medicines.
- This transatlantic pharma trade war is forcing companies to shift investments to the United States, creating a high-stakes standoff that may benefit U.S. manufacturing at the expense of European industry and patient access to affordable drugs.

Introduction

President Trump is pursuing a multi-pronged effort to lower U.S. drug costs and bring manufacturing back to American shores, a strategy that upends a decades-old trade framework that has significant implications for European economies, global supply chains, and patient access to medicine.

The Trump administration finalized a trade deal with the European Union (EU) in July, which includes a 15% tariff on all U.S. pharmaceutical imports from the EU.¹ While steep, this tariff level is a reprieve for the EU, which had been bracing for duties ranging from 25% to 250%. The Trump administration justified these measures as a necessary tool to reshore production and stimulate job creation within the United States. The tariff on pharmaceuticals contradicts the long-standing World Trade Organization (WTO) exemptions to promote greater global access to medicine.²

In early August, Trump sent letters to 17 of the world's biggest pharmaceutical companies, demanding binding price reductions by the end of September.³ The letter follows a May executive order that seeks to reduce U.S. drug prices.⁴ Trump resurrected the "Most Favored Nation" policy from his first administration.⁵ This policy aims to peg the prices the U.S. government pays for drugs to the lowest prices among Organisation for Economic Co-operation and Development member countries. Trump is also requiring drugmakers to promise they will not offer other developed nations better prices than those offered to the United States.⁶ Despite Trump's threats, the firms are not likely to comply.⁷ The Trump administration has yet to provide a legal justification for the price demands, and a judge blocked the policy from being implemented in 2020.⁸

Trump has also requested a so-called Section 232 investigation into pharmaceutical imports to determine whether they pose a national security threat. An announcement is expected soon regarding the study's results.⁹ The

President Trump is pursuing a multi-pronged effort to lower U.S. drug costs and bring manufacturing back to American shores, a strategy that upends a decades-old trade framework that has significant implications for European economies, global supply chains, and patient access to medicine

EU has stated that the 15% ceiling of the U.S.-EU trade deal will also apply to any potential tariff changes, such as those resulting from the Section 232 investigation.¹⁰ Nonetheless, government officials and analysts are watching closely in case Trump reverses course.

Industry adaptation

The pharmaceutical industry is deploying a range of defensive and offensive strategies to respond to the shifting U.S. policy landscape.

Major pharma players, including AstraZeneca,¹¹ Eli Lilly,¹² and Merck,¹³ are accelerating plans to expand their manufacturing operations in the United States to shield themselves from the new import duties. To offset the intense pricing pressure in the United States, some companies are raising prices elsewhere. Eli Lilly announced in August that it would increase the UK price of its diabetes drug Mounjaro by 170%.¹⁴

Industry has also ramped up its lobbying efforts. The Pharmaceutical Research and Manufacturers of America, along with individual companies, has unleashed record spending to influence U.S. policy and mitigate the impact of the new measures.¹⁵ They have lobbied against policies that would tie their U.S. prices to those overseas, claiming the United States should not look to other countries to determine its drug prices.¹⁶ European drug companies have also lobbied EU officials. They warned EU Commission leadership that as much as half of their nearly EUR 165 billion in planned investments in Europe over the next five years could be redirected to the United States to mitigate their exposure to U.S. tariffs and unfavorable conditions in Europe.¹⁷

Europe's challenges

The pharmaceutical industry has a complex global supply chain. Most medicines are produced in numerous countries, with plants located worldwide handling various stages of the manufacturing process. Europe is considered the most essential part of the global network that produces brand-name drugs.¹⁸ Pharmaceuticals are the highest-value EU exports to the United States, with over 60% of U.S. pharmaceutical imports originating from Europe in 2024.¹⁹

Trump's tariffs threaten the profitability of pharmaceutical exports and could deter future investment in European manufacturing facilities

The economic and strategic risks of the new U.S. policies are significant for Europe. The continent's pharmaceutical sector is a cornerstone of its modern economy. Trump's tariffs threaten the profitability of pharmaceutical exports and could deter future investment in European manufacturing facilities.

European governments are caught in a difficult bind. They need to maintain their strict drug pricing regimes to ensure healthcare affordability for their citizens. Still, these same price controls will make them less attractive for investment compared to a U.S. market that is reshoring incentives.

Some European countries are particularly vulnerable. In 2024, the leading pharmaceutical exporters to the United States were Ireland (USD 66 billion), Switzerland (USD 19 billion), and Germany (USD 17 billion), representing a combined 44% of all U.S. pharmaceutical imports.²⁰ The potential loss of

high-value jobs, tax revenue, and export income poses a significant threat to the economies of Ireland and Switzerland, in particular.

For Spain, a 15% tariff is estimated to result in a 9.6% decline in pharmaceutical exports to the United States, according to the Spanish Chamber of Commerce.²¹ In response, the Spanish government is developing a financial support plan to aid sectors impacted by U.S. tariffs and pursuing regulatory reforms to modernize the pharmaceutical system.

Patients and innovation

Patients on both sides of the Atlantic will feel the consequences of this trade war. In Europe, there is a tangible risk of higher costs for branded drugs as companies rebalance their global pricing strategies to compensate for lower U.S. revenues.²² Furthermore, if the domestic generics industry is weakened, Europe may struggle to build the capacity needed to ensure a stable supply of affordable medicines. It will likely lead to higher drug prices, with potential shortages.

Patients on both sides of the Atlantic will feel the consequences of this pharma trade war

In the United States, the tariffs are also expected to raise costs for consumers through higher insurance premiums.²³ Supply chain disruptions could also lead to shortages.²⁴

Beyond immediate costs and availability, there is also a looming threat to long-term medical innovation. U.S. tariff and price control policies may reduce the funds available for R&D. This could slow the development of new treatments, particularly for complex and costly diseases.

Market jitters

Trump's actions have caused European and U.S. pharmaceutical stocks to struggle in 2025. The U.S. healthcare sector—a broad category that includes pharmaceutical firms—is down 5% in 2025, lagging significantly behind the overall market's 7% gain.²⁵ Concerns in the regulatory environment are challenging the earnings outlook for U.S. pharma companies.

In early August, Europe's Stoxx Health Care index dropped by nearly 3%, falling to its lowest level since mid-April, driven by Trump's price control directive and tariffs.²⁶ However, it partially recovered as skepticism grew about the feasibility of implementing Trump's price controls, and the 15% tariff was perceived as manageable and less severe than many had feared.²⁷

Conclusion and outlook

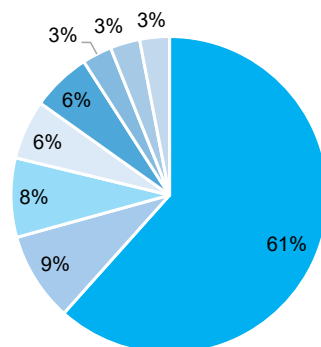
Trump's aggressive tariff and pricing strategy is reshaping the transatlantic pharmaceutical landscape. The winners appear to be U.S. domestic manufacturing in the long run and large, branded drugmakers with the flexibility to absorb costs and shift production. There are many losers: European economies heavily reliant on pharmaceutical exports, generic drug manufacturers squeezed from multiple directions, smaller drug companies lacking scale, and patients who may face higher costs and reduced access to medicines.

Prescription drugs cost too much in the United States. However, instead of benchmarking U.S. prices against those in other countries, U.S. policymakers should develop a transparent and evidence-based approach to drug pricing.²⁸ One option would be to enhance the drug negotiations scheme established by the Inflation Reduction Act of 2022 to include new therapies sooner after they are launched in the United States to help reduce costs for patients and taxpayers.²⁹

Failure to adapt to the changed landscape could lead to the long-term erosion of the EU's world-class pharmaceutical base, with lasting consequences for its economy and health

For Europe, the path forward is fraught with challenges, but it requires decisive action. It should consider a combination of policy reforms to prevent the outflow of EU investments, such as greater pricing flexibility, strengthening intellectual property protections, and streamlined regulatory pathways. Failure to adapt to the evolving landscape could lead to the long-term erosion of the EU's pharmaceutical base, with lasting consequences for its economy and health.

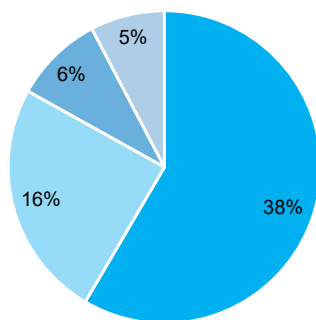
EXHIBIT 5.0 – SHARE OF U.S. PHARMACEUTICAL IMPORTS



■ EU ■ Switzerland ■ Singapore ■ Rest of World ■ India ■ Japan ■ China ■ UK

Source: Tax Foundation.

EXHIBIT 6.0 – SHARE OF EU EXPORTS OF MEDICINAL AND PHARMACEUTICAL PRODUCTS, 2024



■ United States ■ Switzerland ■ United Kingdom ■ China

Source: European Commission.

Notes

- ¹ <https://www.reuters.com/business/autos-transportation/whats-trumps-trade-deal-with-europe-2025-07-27>
- ² <https://geneva-network.com/research/2020-pharmaceutical-tariffs/>
- ³ <https://www.reuters.com/business/healthcare-pharmaceuticals/trump-pressures-17-pharmaceuticals-cut-us-drug-prices-2025-07-31/>
- ⁴ <https://global.morningstar.com/en-gb/stocks/whats-next-pharma-stocks-after-trumps-drug-price-ultimatum>
- ⁵ <https://www.politico.eu/article/us-drug-price-shake-up-access-medicine-europe/>
- ⁶ *Ibid.*
- ⁷ <https://www.reuters.com/business/healthcare-pharmaceuticals/trump-pressures-17-pharmaceuticals-cut-us-drug-prices-2025-07-31/>
- ⁸ <https://www.nytimes.com/2025/07/31/health/drug-prices-trump.html>
- ⁹ <https://www.reuters.com/business/healthcare-pharmaceuticals/us-pharma-tariffs-likely-weeks-away-trump-plans-alaska-sources-say-2025-08-13/>
- ¹⁰ https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_1930
- ¹¹ <https://www.cnn.com/2025/08/01/trumps-drug-price-ultimatum-sets-pharma-firms-scrambling.html>
- ¹² <https://investor.lilly.com/news-releases/news-release-details/lilly-plans-more-double-us-manufacturing-investment-2020>
- ¹³ <https://www.biospace.com/policy/trump-doubles-down-on-pharma-tariff-threats>
- ¹⁴ <https://www.euronews.com/health/2025/08/14/eli-lilly-hikes-uk-price-of-blockbuster-weight-loss-drug-mounjaro-by-up-to-170>
- ¹⁵ <https://www.politico.com/newsletters/politico-influence/2025/06/13/pharma-bolsters-its-lobbying-lineup-00406054>
- ¹⁶ <https://www.nytimes.com/2025/07/31/health/drug-prices-trump.html>
- ¹⁷ <https://www.nytimes.com/2025/04/27/world/europe/tariffs-pharmaceuticals-drugs-medicine-trump.html>
- ¹⁸ <https://www.nytimes.com/2025/07/28/health/trump-drug-tariffs-europe.html>
- ¹⁹ <https://taxfoundation.org/blog/trump-tariffs-pharma-drug-prices/>
- ²⁰ <https://www.voronoioapp.com/trade/-Top-Exporters-of-Medicinal-and-Pharmaceutical-Products-to-the-US-in-2024-4197>
- ²¹ https://www.camara.es/sites/default/files/documents/Nota%20an%C3%A1lisis%20-%20Impacto%20de%20la%20aplicaci%C3%B3n%20de%20aranceles%20EEUU%2015_%20-%20julio%202025.pdf
- ²² <https://www.politico.eu/article/us-drug-price-shake-up-access-medicine-europe/>
- ²³ <https://taxfoundation.org/blog/trump-tariffs-pharma-drug-prices/>
- ²⁴ <https://www.jmcp.org/doi/10.18553/jmcp.2025.25090>
- ²⁵ <https://www.reuters.com/business/healthcare-pharmaceuticals/five-years-after-covid-pharma-shares-languish-us-policy-limbo-2025-07-23/>
- ²⁶ <https://www.theguardian.com/business/2025/aug/06/stocks-shares-european-drug-companies-three-month-low-trump-tariffs>
- ²⁷ <https://finance.yahoo.com/news/us-eu-trade-deal-impacts-on-pharma-industry-more-manageable-than-expected-153242223.html>
- ²⁸ <https://jamanetwork.com/journals/jama/article-abstract/2836817>
- ²⁹ <https://jamanetwork.com/journals/jama/article-abstract/2836859>

Global Minimum Tax in Flux

Implications of the U.S. carve-out

- The landmark 15% Global Minimum Tax agreement, designed to promote a fairer international tax system, is fracturing due to a U.S. carve-out agreement that creates an uneven playing field for multinational firms.
- This growing divergence undermines the international framework, with the U.S. blocking implementation and the Global Minimum Tax effectively on hold, leaving the EU to contend with reduced tax revenues, internal policy disputes, and a competitive disadvantage for its firms.

Introduction

Nearly 140 countries endorsed the Organisation for Economic Cooperation and Development (OECD)/G20 “Two-Pillar” agreement in 2021, a commitment for countries to update their domestic tax laws to ensure multinational corporations pay a fair share of tax wherever they operate.¹ The deal has two pillars: the first would reallocate taxing rights over large multinational corporations, particularly in the digital sector, and the second would establish a 15% global minimum corporate tax rate.

Pillar One has stalled amid disagreements over digital services taxation, though Pillar Two gained considerable traction. As of August, 65 countries had either introduced draft legislation or adopted final legislation transposing Pillar Two’s rules into their domestic laws.²

Although the United States, under President Biden, was a chief architect of the Global Minimum Tax (GMT), President Trump’s opposition to the deal has raised doubts about the framework’s future

The agreement’s durability, however, is now in question. Although the United States, under President Biden, was a chief architect of Pillar Two’s Global Minimum Tax (GMT), President Trump’s opposition to the deal has raised doubts about the framework’s future.

Global implementation

The European Union (EU) took an early initiative in leading the implementation of Pillar Two following the agreement’s adoption in 2021. In late 2022, the EU adopted a directive requiring Member States to transpose the GMT into national law.³ By August 2025, countries such as Germany, France, Italy, and Austria had enacted legislation, while smaller states, including Estonia, Latvia, and Malta, delayed implementation. Spain failed to meet the EU’s deadline of December 2023 but ultimately adopted the rules in December 2024.⁴

Outside the EU, support has been uneven. Australia, Japan, and South Korea aligned with the framework. Others, including China and India, have been hesitant, wary of ceding tax sovereignty and concerned about the impact on their domestic investment climates.⁵ Crucially, the United States never ratified the agreement as Republican Senators blocked its passage during the Biden Administration.

The U.S. “side-by-side deal”

The significant blow to the OECD framework came in the form of a U.S.-brokered side-by-side arrangement with the G7 in late June. To avoid retaliatory tariffs—threatened by the Trump Administration against jurisdictions imposing top-up taxes on U.S. multinationals—G7 members accepted a compromise. U.S. firms would be exempt from the Income Inclusion Rule and the Undertaxed Profits Rule, Pillar Two’s enforcement tools. Instead, they would remain subject exclusively to U.S. domestic regimes.

The carve-out allows U.S. companies to escape the additional tax burdens that their European counterparts face. As part of the agreement, the United States also withdrew the “revenge tax,” a measure that would have subjected foreign banks operating in the United States to punitive tax rates. This defused the threat of trade sanctions and provided clarity for cross-border banking operations.

EU economic impact

For Brussels, the compromise represents an uneasy truce. European governments were reluctant to accept a two-track system, but ultimately conceded to prevent a trade conflict with Washington.⁶

The immediate benefit for Europe is reduced risk of U.S. retaliation against European companies. The cost, however, is borne in reduced fiscal returns, competitive imbalances, and increased compliance costs.

EU-headquartered multinationals must comply with the full 15% floor, incurring both higher effective tax rates and greater compliance costs. By contrast, U.S. firms operating internationally can continue to rely on their domestic rules, which enhances their relative competitiveness. For firms with cross-Atlantic operations, this divergence will shape investment strategies and tax planning.

Pillar Two could have delivered between EUR 26 billion annually in new revenues for EU governments.⁷ Governments expecting substantial windfalls to finance social spending, green investments, or fiscal consolidation will need to find other sources. With U.S. exemptions, those revenues will fall significantly. EU countries that host large U.S. subsidiaries, such as Ireland, the Netherlands, and Luxembourg, will be particularly impacted.⁸

Compliance costs are also set to weigh disproportionately on EU-headquartered firms. Detailed reporting requirements, audit adjustments, restructuring of tax arrangements, and possible new tax disputes will raise administrative burdens.⁹ Meanwhile, U.S. firms enjoy relative simplicity under their domestic system, further tilting the playing field in their favor.

European governments were reluctant to accept a two-track system, but ultimately conceded to prevent a damaging trade conflict with Washington

A global minimum tax that does not bind the world's largest economy risks becoming a patchwork arrangement

Conclusion and outlook

A global minimum tax that does not bind the world's largest economy risks becoming a patchwork arrangement. Moreover, the U.S. carve-out undermines the central principle of universality in the OECD/G20 framework.

For multinationals, the result is greater uncertainty. Rather than a single, predictable standard, they now face a patchwork of national and regional regimes. This increases complexity, raises compliance costs, and reduces clarity for long-term investment decisions.

Furthermore, the U.S. side-by-side deal accelerates divergence and erodes GMT credibility. Without Washington's participation, Pillar Two is unlikely to function as a genuine global standard. Countries like China and India, which were already skeptical, are now unlikely to update their tax regimes. Over time, the vacuum may encourage more governments—especially in emerging markets—to pursue UN-led alternatives, further fragmenting the landscape.

The EU will continue its diplomatic efforts to promote the Global Minimum Tax in order to preserve credibility, but meaningful implementation will remain stalled. Still, it will be cautious not to apply it too aggressively to U.S. firms for fear of U.S. government retaliation. The greater challenge lies within the 27-member bloc. While countries like France and Germany, which have been strong supporters of the GMT, will push for strict enforcement, other states, such as Ireland, will advocate flexible approaches to preserve competitiveness.¹⁰ These internal tensions will shape how robust Pillar Two proves in practice.

Looking ahead, a future U.S. administration could attempt to re-engage with the OECD tax framework, but it would face the same challenges as before: opposition from Senate Republicans.

For the foreseeable future, the baseline scenario is one of fragmentation and a fragile compromise: the EU keeps the agenda alive internationally, but the Minimum Tax itself is put on hold—an outcome that underscores both the limits of European leverage and the advantage gained by the U.S. Multinationals will have to navigate an increasingly complex and unpredictable global tax landscape.

Notes

- ¹ <https://www.oecd.org/en/about/news/press-releases/2023/07/138-countries-and-jurisdictions-agree-historic-milestone-to-implement-global-tax-deal.html>
- ² <https://taxfoundation.org/blog/global-tax-agreement/>
- ³ <https://eur-lex.europa.eu/eli/dir/2022/2523/oj/eng>
- ⁴ https://www.ey.com/en_gl/technical/tax-alerts/spain-approves-pillar-two-legislation
- ⁵ <https://subscriber.politicopro.com/article/2024/05/china-and-india-blocking-global-levy-on-multinationals-italy-says-00160015>
- ⁶ <https://www.bruegel.org/first-glance/implications-g7-agreement-global-minimum-tax>
- ⁷ <https://publications.jrc.ec.europa.eu/repository/handle/JRC141119#:~:text=Our%20long%2Dterm%20fiscal%20projections,the%20EU%20as%20a%20whole.>
- ⁸ <https://www.squirepattonboggs.com/en/insights/publications/2025/07/global-minimum-tax>
- ⁹ <https://kpmg.com/ch/en/insights/taxes/beps-2.html>
- ¹⁰ <https://www.ft.com/content/852f04b8-3ee7-46c9-b9d1-2856324791a1>

China's Technological Rise

Convergences, divergences, and risks in the U.S. and EU policy responses

- The United States views China's technological rise as an existential security threat, wielding sanctions and export controls like a "sledgehammer," while the EU has adopted a more cautious approach to ensure it can continue to reap the economic benefits from China despite its increasing concerns about economic competitiveness and national security.
- Beijing is exploiting the EU's divisions, and the bloc's fragmented policies will leave some Member States vulnerable and dependent on Chinese technology.

Introduction

China's long-term development strategy is based on its technological growth. It aims to promote domestic consumption and reduce reliance on external markets, particularly in technology.

Chinese firms have copied and adapted Western innovations, such as the German machine-tool designs,¹ European high-speed rail technology,² electric vehicles (EVs), wind turbines, and telecom to help China advance technologically, achieve self-reliance, and surpass the United States.³ Beijing also now invests significant resources to accelerate domestic innovation into its capabilities, especially in semiconductors and AI. The country often uses ideas developed in state-run labs and universities and turns them into commercial products through a process called "innovation chain."⁴ This has helped the country make rapid advances and become a rival innovator in EVs, batteries, AI, and robotics.⁵

China's adoption of Western technologies and rapid technological rise have triggered a range of concerns in Washington and Brussels, from national security to economic competitiveness to market distortion. In response, the United States and the EU are pursuing parallel, but different approaches.

The U.S. approach: Security first

The United States treats China as a direct competitor and a national security threat

The United States treats China as a direct competitor and a national security threat. U.S. policymakers believe the country must maintain a significant technological lead, particularly in military applications.

In 2024, China was the United States' third-largest trading partner in goods after Mexico and Canada, and the U.S.-China trade deficit reached nearly USD

300 billion.⁶ The trade deficit, however, is projected to drop after Trump increased tariffs on China to an average of 58 percent, covering all exports.⁷

The United States responds with a mix of sanctions, export controls, and strategic alliances. In a rare case of bipartisan consensus, Democratic and Republican administrations have recently pursued offensive measures, such as export controls on advanced semiconductors and AI chips, sanctions on Chinese firms, restrictions on outbound investment into sensitive Chinese sectors, and entity lists to prevent Chinese companies from accessing U.S. technology. The government also takes measures to promote a defensive industrial policy to bolster domestic capabilities and reduce supply chain vulnerabilities. It is increasing scrutiny of Chinese foreign investments, friend-shoring and reshoring supply chains, and pursuing diplomatic partnerships to deny Beijing critical technologies. The CHIPS and Science Act, adopted by the Biden administration in 2022, allocated USD 53 billion to support domestic semiconductor manufacturing and research.⁸ The United States also recently accused three Chinese firms of helping Beijing conduct an “unrestrained campaign of cyber attacks” on infrastructure in the United States and around the world.⁹

In a significant change in U.S. industrial policy, the Trump administration announced in late August that it acquired a 10 percent stake in Intel to help the troubled chipmaker and bolster semiconductor manufacturing. Since then, Trump has signaled he would pursue similar deals with other tech companies involved in chips and AI, likening it to a sovereign wealth fund.¹⁰

The U.S. approach, sometimes described as a “sledgehammer,” is intended to slow China’s progress in critical areas; however, transactional politics and gaps undercut implementation. In July, President Trump permitted Nvidia to resume selling its less advanced chips to China, allowing China to overcome one of its most significant constraints to compete with U.S. AI.¹¹ The Chinese black market for restricted chips also undermines the impact of U.S. export controls.¹²

The EU approach: Economic dependence and policy ambivalence

The EU, by contrast, balances its economic dependence with its growing concerns about Chinese technology. Brussels defines China as a “partner, competitor, and systemic rival,” an ambiguous formula that reflects its bloc’s diverse interests. China is the EU’s third-largest trading partner in goods and services, after the United States and the United Kingdom.¹³ Its trade deficit in goods reached just over EUR 300 billion in 2024, a slight increase over 2023 levels.¹⁴

Brussels defines China as a “partner, competitor, and systemic rival,” an ambiguous formula that reflects its bloc’s diverse interests

Brussels has sought to be a global technology regulatory leader to serve as the standard bearer for a responsible approach to regulation. These policies apply regardless of country or actor. It also increasingly focuses on developing economic security strategies that link trade policy to national security and seeks to ensure a level playing field for European companies.¹⁵ It has developed cyber

policy recommendations and conducts foreign investment screening. And to ensure a level playing field, it is pursuing anti-subsidy investigations into Chinese EVs and solar panels.¹⁶ It also adopted an Anti-Coercion Instrument in 2023 in response to the attempted political blackmail of Lithuania by China for its Taiwan policy, yet it has yet to deploy the tool.¹⁷

Nonetheless, implementation across the 27-member bloc is fragmented. Hungary actively courts Chinese investment while Germany's carmakers are dependent on the Chinese market. And Spain—despite warnings from Brussels and Washington—awarded a EUR 12 million contract in July to Huawei for storing sensitive judicial and intel wiretaps, underscoring how national decisions undermine European resilience.¹⁸

Several factors explain Europe's less aggressive approach to Chinese technology compared with the United States. First, Europe does not perceive itself as the global frontrunner in semiconductors, AI, or telecoms. Without the need to defend, Chinese technological advances are seen as less existential. Second is economic dependence. Although the flood of cheap Chinese EVs and solar panels threatens the EU industry, it also aligns with Europe's climate goals. Third is institutional myopia. EU national governments often prioritize immediate economic or political gains over long-term security. Last is Chinese lobbying. Beijing invests heavily in cultivating lobbies by funding academic programs, sponsoring policy forums, and developing relationships with policymakers and business leaders to mitigate concerns about Chinese technology.

China's response: Support domestic industry and divide the EU-U.S. approach

The Chinese government seeks to accelerate domestic innovation and self-reliance through initiatives like Made in China 2025 and its Dual Circulation Strategy. It also channels billions of dollars in government-backed funds to support domestic industry and support national champions, like Huawei and ZTE, to develop alternatives to Western suppliers.

Beijing also exploits EU divisions by engaging bilaterally with Member States, recognizing that a fragmented EU is easier to manage than a unified Brussels

China uses rhetorical condemnation and diplomatic pressure to frame U.S. and European controls as protectionist and a violation of international trade rules. It is pushing global diplomacy through initiatives like the Digital Silk Road and offering open-source large language models to win goodwill in developing countries and challenge U.S. dominance. Beijing also exploits EU divisions by engaging bilaterally with Member States, recognizing that a fragmented EU is easier to manage than a unified Brussels.

The government also pursues retaliatory economic and legal measures, deploying targeted countermeasures. In April, it restricted exports of rare earths and critical minerals needed for manufacturing advanced chips and military equipment, to remind Europe and the United States of their supply chain vulnerabilities.¹⁹ It also targets specific U.S. and European companies to retaliate against U.S. and EU policies. Many concluded that Beijing's anti-dumping probe in October 2024 into French brand imports was a response to France's vote to support the EU investigation of Chinese subsidies for EVs.²⁰

China has pursued this approach for a few reasons. First, achieving self-sufficiency in core technologies is viewed as essential to protect the country from foreign pressure. Second, it responds more forcefully to U.S. efforts because it believes the United States seeks to undermine its growth to preserve U.S. hegemony. And lastly, it hopes to exploit the internal divisions between the EU bloc and prevent a more unified transatlantic front by using a less controversial tone with Brussels and emphasizing areas of mutual interest.

Conclusion

Although the EU has been slow to recognize the potential threats posed by Chinese technology, Brussels and Washington are moving gradually toward alignment in diagnosing the challenges. Both sides of the Atlantic have increasingly aligned on the need to counter China's non-market economic practices and mitigate security risks and they are increasingly focused on building resilient supply chains and domestic industrial bases. The EU's rhetoric also now places a greater emphasis on economic security as national security.

Trump's return to the White House in 2025 and damage to transatlantic relations could have proven to be a helpful wedge for China to reverse this trend. However, the EU's mistrust of China makes such a change unlikely in the near term.²¹ Moreover, the recently inked U.S.-EU trade deal commits the EU to align its technological security with the United States.²²

There are, however, still divergences on the best remedies to address China's technological advances. Major European economies are heavily reliant on Chinese technology, making them more cautious about taking a more antagonistic approach.

Europe's approach to Chinese tech risks underestimating the scale of the challenge. For Europe, the risk is not immediate technological displacement, but a gradual hollowing-out of strategic industries. And even if Europe does not want to lead globally in technology, it should still safeguard its industrial base. Otherwise, it risks sliding into a world where Chinese technology is indispensable.

Europe's approach to Chinese tech risks underestimating the scale of the challenge

The EU should consider additional measures to respond to the potential risks associated with Chinese technology, such as:

- Empowering the European Commission to act more swiftly and assertively on economic security matters.
- Pursuing a bolder EU investment strategy in foundational technologies for the future, such as quantum computing, advanced AI, biotech, and next-generation materials.
- Coordinating EU Member State investments in emerging tech.
- Developing more incentives for European technological innovation to leverage the region's human capital and prevent brain drain.

- Creating a high-skilled visa for foreign nationals to support technological research, innovation, and investment in the EU; and, .
- Strengthening cooperation with like-minded countries on technology policy, research and development, the development of common standards, investment, and the creation of more secure and resilient supply chains.

EXHIBIT 7.0 – U.S. AND EU APPROACHES TO CHINA'S TECHNOLOGICAL RISE

	United States	European Union
View of China	Direct competitor and national security threat	Partner, competitor, and systemic rival
Main tools deployed	Export controls, tariffs, sanctions, entity lists, outbound investment screenings, FDI screenings, grants to support domestic tech industry, acquiring a U.S. government stake in tech companies	Anti-subsidy and anti-dumping investigations, Anti-Coercion Instrument, FDI screenings, European Chips Act, setting global standards through regulations
Diplomatic engagement	Friend-shoring supply chains, strengthening partnerships to hinder Chinese tech growth	Bilateral summits with China, coordinating with the United States

Notes

- ¹ <https://www.bbc.com/news/12382747>
- ² <https://edition.cnn.com/travel/article/china-high-speed-rail-cmd>
- ³ <https://www.nytimes.com/interactive/2025/08/14/climate/china-clean-energy-patents.html>
- ⁴ <https://www.economist.com/business/2025/08/25/how-china-became-an-innovation-powerhouse>
- ⁵ <https://itif.org/publications/2024/09/16/china-is-rapidly-becoming-a-leading-innovator-in-advanced-industries/>
- ⁶ <https://english.elpais.com/economy-and-business/2025-04-11/five-charts-that-explain-the-us-china-trade-relationship.html>
- ⁷ <https://www.piie.com/research/piie-charts/2019/us-china-trade-war-tariffs-date-chart>
- ⁸ <https://hai.stanford.edu/policy/what-the-chips-and-science-act-means-for-artificial-intelligence>
- ⁹ <https://www.nbcnews.com/tech/security/china-used-three-private-companies-hack-global-telecoms-us-says-rcna227543>
- ¹⁰ <https://www.nytimes.com/2025/08/25/us/politics/trump-intel-economy-strategy.html>
- ¹¹ <https://edition.cnn.com/2025/08/17/tech/nvidia-china-beijing-trump-ai-intl-hnk>
- ¹² <https://edition.cnn.com/2025/08/11/tech/nvidia-amd-trump-china-explained>
- ¹³ https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/china_en
- ¹⁴ *Ibid.*
- ¹⁵ https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/china_en#:~:text=The%20EU%20is%20committed%20to,chains%2C%20and%20diversifying%20where%20necessary.
- ¹⁶ <https://www.reuters.com/business/autos-transportation/what-happens-next-eu-investigation-into-chinese-evs-2024-06-21/>
- ¹⁷ <https://blogs.lse.ac.uk/europpblog/2025/04/03/is-the-eus-anti-coercion-instrument-a-credible-weapon-against-us-tariffs/#:~:text=One%20tool%20currently%20at%20the,the%20EU's%20existing%20international%20commitments>
- ¹⁸ <https://www.politico.eu/article/spain-huawei-contract-judicial-wiretaps/>
- ¹⁹ <https://www.nytimes.com/2025/04/13/business/china-rare-earths-exports.html>
- ²⁰ <https://www.france24.com/en/france/20250704-china-slaps-anti-dumping-tariffs-of-34-9-percent-on-eu-brandy>
- ²¹ <https://www.realinstitutoelcano.org/en/commentaries/economic-security-a-new-age-for-the-eu/>
- ²² https://blogs.elconfidencial.com/espana/mientras-tanto/2025-08-24/europa-china-eeuu-trump-acuerdo-comercial-aranceles_4195653/

Notes

Funcas
Caballero de Gracia, 28
28013 Madrid
Spain
Phone: 91 596 54 81
Fax: 91 596 57 96
publica@funcas.es
www.funcas.es

