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Trump's AI Gambit: Deregulation and the Global Tech Battle

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Before Donald Trump assumed the presidency, public discourse largely focused on his tariff policies, which aimed to reduce America's trade deficit while pressuring trade partners on issues such as drug trafficking and illegal immigration. However, beyond tariffs, Trump's actions in the tech sector proved equally significant. His administration's policies may have profound and far-reaching effects on the competitive dynamics of major global technology players.

Trump's AI Policy: Charting a Divergent Course from the EU's Regulation

This is evident in President Trump's markedly different stance on AI policy. Upon taking office, Trump swiftly repealed an executive order on AI regulation issued by the previous Biden administration. These measures by the Biden administration reflect a stricter approach to AI governance, imposing tougher restrictions on AI development for tech giants. This regulatory stance aligned more closely with the European Union's approach to AI oversight, which has created similar challenges for innovation at major tech companies like Google, Meta, AWS, and Microsoft.

The Trump administration's stance shifted noticeably toward supporting tech giants in accelerating AI development and application to maintain America's global leadership in the field.

Although Trump has not yet announced specific policies to replace Biden's measures, media reports suggest his administration is likely to adopt a more lenient regulatory approach. This shift could lead to two key dynamics: first, the U.S. is expected to maintain efforts to block or contain

China's advancements in AI; second, it may diverge sharply from the EU's regulatory stance by actively supporting tech giants to solidify their dominance in AI and related emerging technologies.

Stargate Unveiled, Bringing Tech Nationalism into the Spotlight

Notably, AI's rapid progress in recent years has turned the field into a strategic battleground. Over the past two years, discussions on "sovereign AI" have gained momentum as major nations seek greater control over computing power, AI algorithms, and data to strengthen their independence in AI development and enhance their technological competitiveness. As a result, AI has not only become a focal point of the U.S.-China tech rivalry but has also fueled subtle yet intense competition among other global powers. This competition spans the AI supply chain and its applications, embodying a new wave of tech nationalism.

Policies from the U.S. and EU reflect this trend, including:

- Nearshoring and friend-shoring
- Reindustrialization
- De-risking and decoupling
- Addressing China's technological chokepoints
- Initiatives like Trusted AI and Clean Network

All these strategies underscore the growing influence of tech nationalism in global policy-making.

Initially, the U.S. government framed its approach to tech nationalism under the 'small yard, high fence' strategy. This approach aimed to impose strict restrictions on a narrowly defined set of products and services, avoiding fears of renewed protectionism. However, Trump's administration sharply diverged from the stance after taking office. It not only pushed for punitive tariffs but also departed from the EU's approach on regulating American tech giants.

Within a week of assuming office, Trump announced the creation of Stargate, a $500 billion joint venture between OpenAI, SoftBank, and Oracle. This initiative aims to build AI infrastructure in the U.S., starting with a data center in Texas. Trump explicitly stated that technology must remain in the U.S., calling China and other nations America's competitors.

Small Nations' Dilemma: AI War Beyond US-China

Based on President Trump's policy direction, the U.S. appears poised to strengthen its leadership in AI through strategies such as localizing AI technology and supply chains or tightening controls on technology exports. While these measures are unlikely to trigger immediate protectionist concerns, they are expected to fuel the growing wave of tech nationalism—and nationalism more broadly. Looking ahead, the U.S. may not only intensify its tech rivalry with China but also face increasingly complex dynamics in its competitive and cooperative relationships with the EU, Japan, South Korea, and Taiwan. As tech nationalism gains prominence, these interactions will likely become even more intricate across both technological and economic fronts.

For Taiwan, the United States undoubtedly remains a close ally in diplomacy and defense. Economically, the two nations are deeply interconnected through frequent and mutually dependent trade. In technology, Taiwan has evolved from being a subordinate player in the U.S.-led tech ecosystem to a key player with advantages in fields like semiconductors—so much so that it is now regarded by the U.S. as a potential competitor in certain areas.

Both trade protectionism and tech nationalism

disproportionately disadvantage smaller nations with limited resources and markets. As global tech nationalism continues to rise, a critical question emerges: How can governments of smaller nations strike the optimal balance in their multifaceted interactions with the U.S.—spanning diplomacy, defense, economics, and technology—to secure a competitive edge in AI and other key technologies over the next five to ten years?

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