



Delhi Policy Group

Advancing India's Rise as a Leading Power

FOCUS EUROPE

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Cover Images:

The President of the European Commission, Ursula von der Leyen at the launch of the DigitalEU strategy for the EU in February 2020. Source: [X/@vonderleyen](#)

The coming into force of the European Data Act designed to regulate data across the European digital economy, in January 2024. Source: [X/@EU_Commission](#)

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Focus Europe:

Europe's Digital Governance Moment

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Europe's Digital Governance Moment

by

Ambassador Ruchira Kamboj & Arshiya Chaturvedi

Executive Summary

Technology and the underpinning digital economy have become ubiquitous in modern life, to the extent that they now shape both national and international power dynamics. While the transformative potential in terms of socio-economic development and strategic power enhancement is far reaching, critical vulnerabilities also exist that demand effective regulatory oversight. This is because the fundamental attributes -extensive interconnectedness, borderless operations, the prominent role of non-state actors, and innovation that outpaces regulatory evolution - can create imbalances in power, wealth, access, and information.

Guided by these concerns, states and supranational entities worldwide are moving to govern this space in order to build technological sovereignty. In recent years, the European Union has enacted a robust digital rulebook, launching major investigations and enforcement actions against dominant Big Tech firms operating within its jurisdiction. As an example of this approach, on December 5, 2025, the European Commission concluded its investigation into X and announced the imposition of a €120 million fine.¹

Viewed against these broader developments, this brief examines the EU's legal actions to regulate Big Tech companies and the political rationale underpinning them. It assesses the potential implications of these regulatory measures for the EU economy, the EU-US strategic relationship, and the larger landscape of global digital governance. By highlighting both the benefits of effective regulatory frameworks and the risks of overregulation, it argues for a balanced approach that fosters innovation and supports the EU's broader technological and digital ecosystem.

The EU's Case against Big Tech

Over the past several years, EU regulators have extensively undertaken antitrust actions against many major global, predominantly US-domiciled technology companies, operating within the continent. The aim is to curb harmful corporate practices such as illegal content, manipulative techniques, and excessive market

¹ European Commission. "Commission Fines X €120 Million under the Digital Services Act." European Union, 2025. https://ec.europa.eu/commission/presscorner/detail/en/ip_25_2934.

dominance that can adversely affect competition in the EU economy. The most recent adjudication that concluded with the imposition of a fine for the violation of transparency obligations under the Digital Services Act, was against X. The European Commission, which had launched an inquiry in this regard in December 2023, found the company guilty for the deceptive design of its 'blue checkmark', a lack of transparency in its advertising repository, and failure to provide public data access to researchers.² On the same day, the Commission also set in motion another antitrust investigation against Meta over an alleged breach of EU competition rules linked to its new policy on AI providers' access to WhatsApp.³

Google, too, was fined €2.95 billion by the Commission under its September 2025 ruling for breaching EU antitrust rules by privileging its own online display advertising technology services, thereby distorting competition.⁴ Likewise, Apple and Microsoft are also facing multiple investigations for alleged antitrust violations and non-compliance.⁵

Several other major technology firms are facing heightened EU regulatory scrutiny under the EU's digital economy framework, including the Digital Markets Act (DMA) and the Digital Services Act (DSA), notably Booking.com and ByteDance.⁶ The European Commission has designated these two companies as 'Gatekeepers' in their particular business segment, mandating especially strict compliance with the provisions of the DMA.⁷

² Ibid

³ Directorate-General for Communication. "Commission Opens Antitrust Investigation into Meta's New Policy Regarding AI Providers' Access to WhatsApp." European Commission, European Union, 2025. https://ec.europa.eu/commission/presscorner/detail/en/ip_25_2896.

⁴ Directorate-General for Communication. "Commission Fines Google €2.95 Billion over Abusive Practices in Online Advertising Technology." European Commission, European Union, 2025. https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1992.

⁵ Directorate-General for Competition, and Directorate-General for Communications Networks, Content and Technology. "Commission Closes Market Investigations on Microsoft's and Apple's Services under the Digital Markets Act." European Commission, European Union, April 13, 2024. https://digital-markets-act.ec.europa.eu/commission-closes-market-investigations-microsofts-and-apples-services-under-digital-markets-act-2024-02-13_en.

⁶ Reuters. "Securly - Geolocation Sharing." Thehindu.com, May 13, 2024. <https://www.thehindu.com/sci-tech/technology/eu-says-bookingcom-must-comply-with-strict-tech-rules-investigates-x/article68171017.ece>.

⁷ Directorate-General for Competition, and Directorate-General for Communications Networks, Content and Technology. "Booking, ByteDance and X Notify Their Potential Gatekeeper Status to the Commission under the Digital Markets Act." Digital Markets Act (DMA), European Union, March 2024. https://digital-markets-act.ec.europa.eu/booking-bytedance-and-x-notify-their-potential-gatekeeper-status-commission-under-digital-markets-2024-03-01_en.

The Legal & Political Calculus of EU Regulatory Action

Technology and digitalisation today are both an economic imperative and a political priority for states, driving national progress and global competition. This is because digital technologies, systems and tools: artificial intelligence, digital public infrastructure, advanced communication networks, digital platforms, cloud computing and big data systems, are increasingly reshaping not just how people think, interact, work, and participate, but also how states govern, deliver services, and exercise power.

However, the ever-deepening integration of digital technologies into socio-economic and political structures raises serious concerns about control, accountability, and governance.

Technology companies, which lie at the core of the digital economy, can accumulate disproportionate socio-economic influence, creating imbalances vis-à-vis governments and public institutions alike. Unlike traditional industries, where power is more evenly distributed, companies in the digital economy increasingly develop, own, and control the core elements of the business ecosystem. This concentration of power can give such firms significant leverage over governments, affecting their ability to enforce laws, maintain fair competition, protect citizens, and collect taxes. This can further be a matter of concern if such companies are based in a foreign country, as their corporate dominance can be instrumentalised by their home governments to exert strategic influence over the host country or supranational entity in question.

Companies such as Google, Amazon, Meta, and Apple dominate global digital markets through economic dynamics such as network effects, high switching costs, and economies of scale. The consequential access to, and control of massive data sets follows. By exploiting these dynamics, such firms gain significant commercial and strategic advantages—dictating market rules, pricing, and innovation trajectories—thereby marginalising smaller businesses, distorting competition, and stifling organic innovation. This is largely because control over data enables them to improve products through personalisation, reinforce network effects, shape markets through algorithmic control, raise barriers to entry, maximise targeted advertising revenues, and expand into new sectors. Further, employing proprietary algorithms and software techniques, these can manipulate how such data is seen by the large user-base, influencing public discourse and political processes by amplifying or suppressing specific narratives. Similarly, misinformation, hate speech, extremist material, online abuse and other socially harmful materials can be spread, posing serious social risks to the overall health of democratic societies. At the same time, much of this large-scale

data collection and use occurs without the effective knowledge or consent of the individuals concerned, raising serious concerns around privacy and data protection. It is for these reasons that the effective regulation of this rapidly evolving field and its stakeholders is of critical importance.

Since as early as 2018, the EU has introduced a suite of laws to achieve its strategic vision of tech sovereignty by establishing a new regulatory digital order. Through this new order, which started from the enactment of the General Data Protection Regulation (GDPR), the EU aims to facilitate greater transparency, safeguard fundamental rights, reinforce corporate accountability, and mitigate the systemic risks posed by dominant online platforms and technology companies.⁸ In 2022, the Union expanded its regulatory framework by enacting the Digital Services Act⁹ (DSA) and the Digital Markets Act (DMA)¹⁰. This legislative package works in tandem to establish a regulatory framework that enhances the resilience and competitiveness of the EU's digital economy. The DSA concerns itself with protecting the EU users from illegal content and harmful online practices, safeguarding their safety and rights, while the DMA incorporates legal provisions to regulate large digital platforms and technology players that, due to market dominance, may act as gatekeepers, restricting market access for smaller firms and, consequently, hindering innovation, competition, and overall growth.

The Union further tightened its regulatory schemes against power asymmetries in the digital economy and emerging technological advancements, introducing two more acts in 2024. These are the Data Act, which came into force in January 2024¹¹ and the AI Act, enacted in August 2024¹². The former is aimed at promoting fair data access, curbing manufacturer monopolies, and expanding consumer choice, while the latter provides for a risk-averse legal framework for different category AI uses from banned and high-risk to limited- and low-risk systems. The EU has also adopted other complementary policy initiatives: the EU Digital Identity Wallet, the AI Continent

⁸ European Data Protection Supervisor. "The History of the General Data Protection Regulation | European Data Protection Supervisor." European Union, May 25, 2018. https://www.edps.europa.eu/data-protection/data-protection/legislation/history-general-data-protection-regulation_en.

⁹ Directorate-General for Communications Networks, Content and Technology. "The Digital Services Act | Shaping Europe's Digital Future." European Union, December 15, 2025. <https://digital-strategy.ec.europa.eu/en/policies/digital-services-act>.

¹⁰ European Commission. "About the Digital Markets Act." European Union, 2022. https://digital-markets-act.ec.europa.eu/about-dma_en.

¹¹ Directorate-General for Communications Networks, Content and Technology. "Data Act | Shaping Europe's Digital Future." European Union, December 15, 2025. <https://digital-strategy.ec.europa.eu/en/policies/data-act>.

¹² European Commission. "AI Act." European Union, December 5, 2025. <https://digital-strategy.ec.europa.eu/en/policies/regulatory-framework-ai>.

Action Plan and the Apply AI Strategy, the Digital Networks Act, to foster a digital economy that is sovereign, human-centric, and trustworthy.

The Regulatory Spillovers

While a governance framework is essential to foster a fair and competitive digital ecosystem, it should not be overly restrictive and uncertain. This is because overregulation can throttle innovation and slow economic growth by weakening incentives and imposing additional compliance costs, thereby reducing firms' willingness and ability to innovate.

The EU's recent regulatory activity in the digital space has resulted in a complex and far-reaching governance architecture. To comply, companies would need to develop new internal policies, technical standards, and additional infrastructure, including data-storage and security systems as well as monitoring and reporting tools. These, along with the possible incurrence of non-compliance-related fines and litigation, substantially increase companies' compliance costs. Regulations under this EU-established normative framework also disrupt existing revenue models for companies. For instance, rules on data sharing and usage impose significant limitations on business activities such as advertising, profiling, and cloud services.

There are also regulatory requirements under the Digital Markets Act (DMA), particularly for large technology 'gatekeepers', including obligations on interoperability, data sharing with third parties, and app uninstallation. While these measures are framed in political terms as empowering users—by making it easier to switch platforms or use alternative services—they can also reduce firms' competitive distinctiveness and make the development of innovative, differentiated products and services less commercially viable. Apple has described the EU's interoperability directive as detrimental to European users, arguing that it undermines the company's ability to innovate by forcing its proprietary technology to be shared with other firms at no cost.¹³

These rules apply not only to European companies but to all firms operating in the EU market, with broader global spillover effects. The US has been most affected by these measures give their dominance in global digital markets and extensive operations within the EU. This has not been without deleterious effects on EU-US relations. While the EU has justified the measures by arguing that only specific US companies have been targeted, it has come under growing criticism for advancing protectionist

¹³ Pradeep Bairaboina. "EU Antitrust Regulators Target Google, Apple in Big Tech Crackdown." Tech Monitor, March 20, 2025. <https://www.techmonitor.ai/digital-economy/big-tech/eu-regulators-target-google-apple-big-tech-crackdown?cf-view&cf-closed&cf-view>.

outcomes under the guise of consumer protection and market fairness. This has raised the prospect of US retaliatory measures against the EU.

Most recently, in November 2025, Commerce Secretary Howard Lutnick called on Europe to 'reconsider' its rules governing Big Tech companies if it wishes to avoid higher US tariff rates on its steel and aluminium exports.¹⁴ US Vice President JD Vance remarked that Europe's greatest threat lies not in external adversaries but in its own democratic institutions, which impose authoritarian-style governance through regulations, such as EU privacy protections and AI regulation.¹⁵ Earlier, the United States had introduced a visa restriction policy targeting foreign nationals who censor Americans.¹⁶

Europe has long been a global leader in standard-setting, shaping effective regulations in several internationally important areas, notably consumer protection, financial services, climate action and environmental protection, data protection and digital governance, and trade policy. Known for its quality standards that are both enforceable and practically effective, the EU's regulatory frameworks are widely respected and often adopted by other countries. Given its capacity to influence global norms, how the EU designs its new age digital governance framework is critically important from a global governance perspective. That is to say, if the EU adopts digital governance standards that are overly restrictive or protectionist and impede the operations of foreign companies, other countries may follow suit, contributing to the spread of global digital protectionism. This will ultimately undermine innovation and the growth of the digital economy at a global level.

Conclusion

The EU's rationale for regulating Big Tech appears to be grounded in legitimate concerns around fairness, competition, and user protection. At the same time, for such regulation to be effective, it must be clear, predictable, and proportionate. Similarly, while the Union's principled efforts to support smaller and non-incumbent players through regulatory sandboxes, such as those envisaged under the AI Act and the Interoperable Europe Act, are commendable, this support should be carefully

¹⁴ Moens, Barbara, Aime Williams, and Andy Bounds. "Howard Lutnick Warns EU to Relax Tech Rules If It Wants Lower Steel Tariffs." @FinancialTimes. Financial Times, November 24, 2025. <https://www.ft.com/content/19912b20-582d-46fe-90a5-ee208a28f4df>.

¹⁵ Desk, TOI Tech. "US Vice President JD Vance Has an 'AI Regulation Warning' for Europe." The Times of India, February 11, 2025. <https://timesofindia.indiatimes.com/technology/tech-news/us-vice-president-jd-vance-has-an-ai-regulation-warning-for-europe/articleshow/118152798.cms>.

¹⁶ AFP. "U.S. Denies Visas to EU Ex-Commissioner, Four Others over Tech Rules." The Hindu, December 24, 2025. <https://www.thehindu.com/sci-tech/technology/us-denies-visas-to-eu-ex-commissioner-four-others-over-tech-rules/article70432319.ece>.

calibrated so as not to disadvantage firms that have succeeded under open market conditions through sustained investment, innovation, and proprietary development.

This balance can be illustrated through the lens of data governance. Data is widely recognised as the fuel of the digital economy and carries significant proprietary value. While data sharing and access are important for innovation, competition, and public-interest outcomes, mandatory or blanket data-sharing requirements risk undermining both innovative and commercial incentives. Governments may therefore consider more targeted approaches that prioritise access to raw or unprocessed data, which typically carries lower proprietary value than processed or value-added data reflecting substantial intellectual and financial investment.

More broadly, these debates have also raised questions about whether certain regulatory approaches, while well-intentioned, may inadvertently constrain Europe's ability to nurture its own globally competitive digital champions.

Ultimately, the challenge is one of balance. To fully capitalise on the transformative potential of a technology-driven global order, regulation must be clear, predictable, and proportionate—encouraging innovation while safeguarding broader social, economic, and political interests, and ensuring that technological progress delivers inclusive and sustainable outcomes.



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