

Opinion **Global trade**

America's allies look to declare independence from the US

Traditional partners are rethinking their economic ties

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When the US celebrates the 250th anniversary of the Declaration of Independence next month, its friends and allies will join in the festivities. But, behind the scenes, many of the same countries are striving to increase their independence from America.

Washington's traditional partners have discovered that longstanding ties to the US do not buy them immunity from abuse and pressure tactics from the Trump administration. Giorgia Meloni, Italy's prime minister, spoke for many when she complained that the US president often treats democratic allies worse than authoritarian rivals.

In this new atmosphere, close ties to America that were once seen as a strength increasingly look like a potential vulnerability. The loudest wake-up call came last year, when Donald Trump imposed swingeing tariffs on friend and foe alike. His administration set off fresh alarm bells this month with its decision to restrict access for all foreign nationals to Anthropic's frontier AI models — Mythos 5 and Fable 5.

The Trump administration may modify its policy. But the point seems to have been made. The Mythos moment seemed to back up an assertion made earlier this year by Arthur Mensch, CEO of France's Mistral, Europe's most prominent AI start-up. He told a panel that, with AI increasingly critical to the functioning of the world economy: "The biggest risk . . . for Europe is that . . . our entire industry would be run on a technology that can be turned off, if the US decides to."

Spooked by this prospect, European governments are increasingly talking about the need for "AI sovereignty" — reducing their reliance on US companies and models. Mistral itself stands to benefit.

The concern about American off-switches is not confined to AI. Trump's threats to annex Greenland earlier this year reminded Europeans of their dependence on US weapons. The big US defence companies — the "primes" — are now worried they are beginning to lose sales as a result.

These issues extend well beyond Europe. Tariffs on India and Trump's tryst with Pakistan have gone down very badly in Delhi. The Observer Research Foundation, an Indian think-tank that often reflects government thinking, recently published a paper arguing that "the Trump factor" had weighed heavily in India's decision to buy fighter planes from France.

The country that has thought most systematically about how to reduce dependence on both the US and China may be Canada, which Trump has repeatedly suggested should become America's 51st state.

In private studies, the Canadian government has identified nine economic areas that are critical to sovereignty. These include AI, semiconductors, energy and payments and settlement.

Aspiring to avoid dependence on both America and China, in these areas, is understandable. But is it possible? Canada, for example, does some 70 per cent of its trade with its giant southern neighbour. Mistral is tiny compared with its American AI competitors. The entire western world, including the US, is now uncomfortably aware of its dependence on critical minerals from China.

These dependencies run deep. They cannot be completely eliminated. But they might be mitigated.

Some in Asia hold up the Comprehensive and Progressive Agreement for Trans-Pacific Partnership free trade deal as a model and building block. It currently spans 12 countries, including Japan, Canada, Chile, Australia, the UK and Singapore. The EU and the CPTPP have now opened discussions on a bloc-to-bloc deal that could reduce tariffs across the board. There is serious debate in Delhi about whether India should also seek to join the pact.

A middle-power trade deal that included the EU, India, Japan and the UK — but excluded China and the US — might have some impact. Even so, the idea of establishing complete economic sovereignty from China and America — the world's two largest economies and the two global leaders in AI — remains far-fetched.

However, there are other ways of thinking about the problems of over-dependence on the goodwill of Trump or his successors. The answer to the threat of an American off-switch — whether on AI or weaponry or energy — is probably not to strive for complete independence from US technology or resources. Any such policy would be expensive, inefficient and ultimately unrealistic.

An alternative strategy is the one already demonstrated by China — find an off-switch of your own. The Xi government responded to extremely high American tariffs by severely restricting the export of critical minerals. It was an effective tactic that forced the US to reduce tariffs.

Other world powers need to find their own economic weapons — just in case they ever need them. For India, it could be the country's crucial role as a producer of generic pharmaceuticals. For Canada, it could be the potash that is a critical ingredient for the fertilisers that American farms depend on. For Europe, it could be the unique technologies supplied by the Dutch company ASML or Europe's role as an exporter of uranium and turbines.

It is a shame that the world's democracies are having to prepare for potential economic warfare with each other. But that is the world that Trump has created.

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