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Positioning the Anti-Coercion Instrument in the Greenland Crisis

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I. Executive Summary

U.S. President Trump's renewed attempts to assert control over Greenland threaten the sovereignty of both Greenland and Denmark, while his tariff threats target European countries supporting the territory. The EU faces limited military options but could respond through targeted sanctions, limited military deployments by willing member states, or by activating the Anti-Coercion Instrument (ACI), an untested mechanism designed to deter and respond to economic coercion. Activating the ACI — though politically difficult and time-consuming—appears the most effective way for the EU to demonstrate resolve against Trump, as it is not inherently escalatory and enables a structured negotiation process. If the EU wishes to activate economic countermeasures within the next four to six months, it must trigger the ACI within the next two weeks. Provided that sufficient political will exists and the required qualified majority can be secured, the process could even be expedited. The hurdles are high — but so are the stakes for Europe.

II. Europe and the Greenland Crisis

Making Greenland a part of the United States has long been a fixture of U.S. President Trump's foreign policy. Following recent events in Venezuela, his attempt to incorporate Greenland into the United States has taken on renewed urgency. While his interest in "owning" the autonomous territory that is part of Denmark is not new, he now appears emboldened to step up actions aimed at bringing Greenland under U.S. control. He seems increasingly willing to dismiss alternative, cooperative – and likely more effective — approaches to safeguarding Arctic security and critical resources.

Trump's actions risk undermining Greenland's sovereignty and, by extension, that of Denmark, an EU member state. Moreover, his recent threat to impose a new tariff of 10% or more on European countries willing to act in solidarity with Greenland and Denmark constitutes a direct intrusion into the sovereign decision-making of several EU members — and arguably of the Union as a whole. Although there appears to be political momentum within the EU to defend its interests more resolutely against Trump's aggressive actions against allies, European countries have so far been unable to mount a unified and robust response. They agree on the need to stop Trump by increasing the political and economic costs of his actions. However, collective action seems to be hampered by disagreements over how to achieve this. Several options for an EU response are currently under discussion.

While the EU has no viable military options to respond and cannot credibly threaten to deploy troops to defend the island, individual member states — potentially in cooperation with non-EU countries — might be able to do so. To deter Trump, the EU could also leverage its economic power. In this realm, it could either implement immediate and targeted sanctions in response to specific actions the Trump administration may take, or initiate a more comprehensive set of measures to defend itself against Trump's threats, use of economic coercion, and interventions in the sovereign decisions of particular member states or the Union as a whole.

As a trade bloc, the EU could deploy its most powerful economic instrument to defend its interests, the Anti-Coercion Instrument (ACI). Although the ACI has never been used and may be difficult to implement, following relatively lengthy procedures, it could come at precisely the right moment to alter U.S. strategic and economic calculations.

III. Defending European Sovereignty in the Face of External Pressure

In response to Trump's claims on January 5 that the United States "needs" Greenland for security reasons, the heads of six European countries warned that the rights of self-determination and territorial integrity must be preserved. Since then, heated debates and numerous critical statements by European politicians have called for a strong and united response to Trump's attempts to assert control over Greenland. Following his tariff threats on January 17, representatives of European businesses joined in, urging forceful action against economic coercion.[1] At the same time, the EU's official statements have appeared relatively timid, and its actions so far have seemed restrained. There are two possible explanations:

First, the EU has not been working on a collective response for fear of some member states to escalate the situation. They are particularly worried that provoking Trump could lead to a breakdown of the just achieved tentative agreement that the U.S. would back European efforts to stabilize a potential ceasefire in Ukraine. Moreover, there are worries that an escalation could result in pitching European NATO members against the U.S., which would mean the end of trustful cooperation within the security alliance.

Second, the EU is indeed preparing a response but is trying to keep its emergency planning secret. Given the sensitive nature of the question of how to retaliate against Trump's threatened actions regarding Greenland—and now against individual EU countries—it is understandable that discussions on policy responses and potential U.S. retaliation are led in small, confidential circles. Increasingly, however, this risks coming at the cost of public understanding of the severity of the crisis at hand and of support for the difficult decisions that Europe must make. If the EU is to demonstrate its resolve to act against interference by the Trump administration, it will have to take bold action quickly — the kind that may entail significant economic costs for particular Member States, as well as for companies and individuals within those countries. Policymakers should therefore engage in a public discussion about how best to respond to Trump's pressure and how to manage the associated costs, including options for economic compensation.

IV. Three ways for the EU to act now

President Trump's renewed announcement of tariffs against European countries in response to their engagement in Greenland may have bolstered voices within the EU calling for a more forceful response to his foreign policy approach vis-à-vis the Union. Senior representatives in the European Parliament have announced that they would block the upcoming ratification of the EU–U.S. trade deal agreed in summer 2025. Others have asked the European Commission to reintroduce tariffs on U.S. exports amounting to USD 93 billion, a decision it had shelved as part of the EU–U.S. trade deal concluded in the summer of

[1] https://apnews.com/article/denmark-greenland-us-trump-4ad99ea3975a2d37bd04961feda558b6

2025. These steps would allow for immediate responses in case that the U.S.President follows through with his tariff threats.

If the EU were to adopt additional defensive measures, the European Council, representing the governments of the Member States, would have to take decisions soon. Moreover, the European Commission would play a key role in preparing specific actions, facilitating votes and ensuring that actions will be implemented quickly to be effective.

The Council could respond in three ways: (1) by organizing a "coalition of the willing" among Member States to conduct a military mission of some kind in support of Greenland's and Denmark's sovereign rights and territorial integrity; (2) by preparing financial sanctions to be used in response to a potential forced takeover of Greenland by the Trump administration; and (3) by triggering the Anti-Coercion Instrument (ACI) process.

Option 1 European Military operation

The EU itself has very limited scope to act militarily against potential U.S. actions in Greenland. Any decision on EU military engagement would require a unanimous vote in the European Council, setting a very high threshold and raising questions about the political feasibility of such action. However, EU Member States could participate in a European response outside the EU framework, with the Council and the High Representative playing important facilitating and coordinating roles. Several such options have been discussed in recent weeks, including potential cooperation with the United Kingdom. None of these discussions has seriously considered a combat mission, due to the lack of operational credibility and limited political appetite. Instead, a mission focused on presence, reconnaissance, or deterrence of other military powers such as Russia and China has been proposed as a way of signaling to President Trump that European countries take U.S. security concerns seriously, and are willing to increase their engagement to preserve it.

This approach was reflected in the decision by eight European countries — including six EU Member States (France, Germany, Sweden, Finland, the Netherlands, and Belgium) and two non-EU partners (Norway and the United Kingdom) — to participate in a reconnaissance mission at Denmark's request. The limited scale of the deployment of 36 soldiers to Greenland underscored the EU's constrained military options. At the same time, European countries appear to have deliberately sought to de-escalate the situation by sending only a small contingent of troops, with the primary aim of helping to assess the security situation in and around Greenland.

It is somewhat ironic that this very limited military engagement and cautious approach by European countries have nevertheless triggered President Trump's tariff threat against the participating states. Individual EU countries could still join future initiatives under the NATO umbrella aimed at enhancing the collective defense of Greenland and the Arctic.[2] At this point, however, it remains an open question whether the U.S. president would be willing to engage in such initiatives.

[2] There appears to be no shortage of proposals on how collective security could be strengthened, including recommendations by the German Marshall Fund's Arctic Geopolitics Task Force or by Michael Paul, "Grönlands arktische Wege zur Unabhängigkeit" SWP-Studie 22, October 2024.

Option 2 Sanctions against U.S. persons

The EU could respond by introducing financial sanctions against U.S. individuals and companies in reaction to conduct by the U.S. administration that threatens the sovereignty or security of one or more Member States or the Union as a whole. To do so, the EU could adopt a Common Foreign and Security Policy (CFSP) decision under Article 29 of the Treaty on European Union. Under this procedure, the Council of the European Union adopts a CFSP decision — based on a proposal from the High Representative or a Member State — to establish restrictive measures in response to foreign policy or security threats. One advantage of this mechanism is that EU Member States could convene quickly to vote on sanctions. Such action could serve as a significant deterrent against further U.S. actions toward "taking in" Greenland — even if these actions fall short of annexation — by sending a strong signal that alignment of U.S. private actors with Trump's policies could have substantial negative consequences.

However, there are notable limitations. Sanctions against the U.S. would require a unanimous vote, meaning that all Member States would have to agree to adopt restrictive measures against U.S. persons, which can make decisive action politically difficult. While targeted sanctions — such as asset freezes or travel bans against a limited number of individuals — might have symbolic value, they are unlikely to significantly raise the costs of further aggressive actions against Greenland or the EU. More expansive measures — such as sanctions on the U.S. administration or major companies and financial market actors — would likely provoke strong retaliation. Because the resulting damage to EU economies could exceed the impact on the U.S., such measures risk being self-defeating. This is particularly relevant given that the sanctions process entails immediate implementation across the internal market, unlike economic defense measures taken under the Anti-Coercion Instrument, which would allow for more phased and flexible responses and coordination with EU partners, such as Canada and Japan.

Option 3: Triggering the Anti-Coercion Instrument

The Anti-Coercion Instrument (ACI), which has existed only since November 2023, has never yet been used. It was designed to serve both as a deterrent and as a last-resort measure in response to economic coercion against the European Union or its Member States. When confronting a powerful actor such as the United States, it might have been strategically advantageous for the EU to have deployed the ACI previously, in order to demonstrate that it is effective and can be operationalized quickly. Even short of such an ideal sequence of events, however, the ACI could still be invoked to prevent President Trump from further use of economic coercion against the EU. The primary rationale would be to increase the economic and political cost of any attempt by the U.S. to interfere in the sovereign decisions of a member state or the Union.

There are, however, several risks and limitations. The ACI is untested and technically complex, and its implementation may be slow and politically challenging. Even the nascent discussion of its use appears to be perceived as escalatory by the Trump administration. Many in Europe therefore fear that invoking the ACI could jeopardize U.S. cooperation within NATO, calling its political feasibility into question. At the same time, if President Trump is willing to act against the sovereign rights of Greenland and Denmark, the assumed continuation of U.S. security guarantees for NATO members may ultimately rest on a fallacy.

On the other hand, there are significant arguments in favor of using the ACI. Political momentum for activating the instrument appears to exist, and if the necessary political will can be mobilized — and a qualified majority of at least 15 out of 27 Member States is reached — the European Commission could move quickly to implement economic measures that have been discussed before. These could include targeted measures against U.S. corporations, potentially in sectors such as digital services.[3] The ACI process is structured and transparent, requiring the European Commission to negotiate with the United States while also exploring cooperation with other non-EU trade partners to support the EU's measures in defense of its sovereign decision-making. In addition, the Commission is tasked with reviewing the anticipated economic impact on European actors before it moves to present its policy package.

Importantly, the ACI allows the EU to scale up or de-escalate economic measures depending on the outcomes of negotiations. In this sense, it appears to be the most viable option for the EU: it provides a structured, transparent, and flexible process for responding to coercive actions, with a lower political threshold than sanctions or a military response. At the same time, these options are not mutually exclusive, and a combination of measures may even be advisable depending on the circumstances and the evolution of the crisis.

V. How the ACI process could unwind

The Anti-Coercion Instrument (ACI) was designed to counter economic coercion by third countries targeting a member state - or the European Union as a whole. Economic coercion, broadly defined under Article 2 of the EU's anti-coercion law (Regulation (EU) 2023/2675), exists where a third country seeks to influence the legitimate sovereign choices of the Union or of a Member State by applying or threatening measures that affect their sovereign trade or investment decisions. Even the threat of coercion is sufficient to justify the ACI's activation.

According to the EU regulation, the decision to activate the ACI is made through a committee procedure (comitology). This process ensures that the Commission's legislative initiatives do not translate into political measures without careful consideration and the involvement of the Member States. The procedure could proceed as follows:

Phase 1 – Examination:

The Commission can initiate an assessment procedure. This means it examines whether Trump's actions in Greenland constitute economic coercion against a Member State and whether the sovereign decisions on trade and investment of the country — or of the EU as a whole — are being affected. According to the regulation, this assessment should take a few weeks up to a maximum of four months. The Commission then reports whether economic coercion is present.

Phase 2 – Proposal Development:

If economic coercion is identified, the Commission drafts a package of measures and submits a proposal to the European Council. The Commission has up to ten weeks to complete this phase.

[3] For a list of potential defensive economic measures the EU could take see Appendix I, Regulation 2023/2675 on the protection of the European Union and its Member States from economic coercion (the Anti-Coercion Instrument); an exploration of areas where the EU may have valuable leverage can be found in Tobias Gehrke, "Brussels hold'em: European cards against Trumpian coercion", ECFR Policy Brief, March 2025.

Phase 3 – Council Deliberation and Approval:

The Council then discusses the Commission's proposal and votes on it. The proposal can be adopted by a qualified majority, which requires 15 of the 27 Member States representing at least 65% of the EU population. The Commission would then proceed to negotiate directly with the United States. If these negotiations fail, the Commission can implement the measures within a maximum of six months.

If the European Council does not reach a qualified majority for the Commission's initial proposal, the Commission may submit a new proposal. This would be followed by a second vote on ACI measures. In this round, 15 of the 27 Member States would need to oppose the Commission's proposal in order to block the suggested measures. This means that the threshold for activating the ACI is significantly lower in a second vote.

VI. Conclusions and outlook

If the EU is to defend its sovereignty against unprecedented actions by the United States, immediate and coordinated decisions are required. There is, as yet, no coherent strategy to persuade Trump to abandon preparations for a takeover of Greenland. Nor is there a common European response to President Trump's continued threats of tariffs and other coercive economic measures against the EU since he took office.

The Anti-Coercion Instrument (ACI) appears to be the most viable of the options reviewed above to respond to Trump's threats of economic coercion and interference in the sovereign decisions of EU member states in the Greenland crisis. To defend the EU's interests, the European Commission could move quickly by announcing an investigation into economic coercion and presenting its results without waiting the full eight to ten weeks that were initially envisaged. Meanwhile, the Council could prepare to vote promptly on the Commission's recommendations.

Although intense political and economic pressure from Washington is to be expected, making the ACI a politically challenging option, it could nevertheless be pursued with sufficient leadership from EU member states. Support from Germany, as Europe's largest economy and a country with the capacity to use its economic weight against U.S. pressure, would be a necessary condition for the ACI to be effective. The instrument would function less as a targeted trade measure and more as a signal of Europe's capacity to act in the event of an open conflict with the United States. Doing so would raise the costs for the Trump administration of using economic coercion — among other means — to prevent Europe from acting in support of Greenland. To further bolster Greenland's efforts to prevent the U.S. president from "taking" its territory, the EU could offer the territory a path back into the European Union.

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