



## What Trump's AI Action Plan means for fashion

The administration's plan prioritises speed and US AI sovereignty over regulation and ethical frameworks. Experts say global fashion brands must now enter the 'race'.

By Amy O'Brien July 25, 2025



This week, US President Donald Trump signed three executive orders and published a 28-page 'AI Action Plan' intended to build out the country's AI infrastructure, cement America's dominance in the industry and prohibit all federal agencies from using AI contractors that don't comply with the White House's definition of "ideological neutrality".

The new policies reverse several Biden-era federal AI safeguards related to DEI (diversity, equity and inclusion) and climate change, block state-level regulations on AI and further relax export rules so that global companies rely more on US-built AI.

The broad AI Action Plan and its accompanying executive orders primarily serve as directives to the federal government. But given the ubiquity of AI across industries, they also indirectly influence businesses operating in the US and worldwide.

Fashion is no exception. AI is permeating behind-the-scenes and consumer-facing operations within fashion, as brands experiment with the technology to cut costs and near their long-held dream of hyper-personalisation. But some brands have been faster to adopt AI than others, and the luxury sector is nervous about maintaining brand perception in the AI era.

Experts say the US orders serve as a wake-up call for fashion companies to establish their own AI guardrails. But the US-centric policy presents key challenges for fashion's global supply chain and consumer base.

### Self-regulating AI

One of the key policies in the administration's new plan is the removal of "regulations that hinder AI development and deployment" in the US — a move designed to fast-track innovation from US-based tech companies like Meta, OpenAI, Microsoft and Google's AI. Or as the administration puts it in the AI Action Plan, their ability to "build, baby, build!" on American land.

This widens the gulf between the US and Europe's AI policies. Europe is taking a much more cautious approach to AI regulation, prioritising trust, consumer rights and accountability — even if it





slows down innovation and increases compliance costs. In the EU's AI Act, which came into force in August 2024, the trade bloc categorises AI systems into four risk levels, banning those it classifies as "unacceptable" uses of consumer data and enforcing strict compliance for those it deems "high risk". Examples include AI for biometric ID (like facial recognition), AI for hiring and credit scoring. AI-powered wearables that use customer data like fitness or posture are also deemed "high risk" by the EU.

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Lauren Madonia, Lvlup Legal business and intellectual property attorney

The discrepancies in approach leave fashion companies with operations and stores spanning different continents in a complex situation, attempting to comply with Europe's detailed regulation while charting their own course in the US.

In such a fragmented landscape, legal experts say the onus is on fashion companies themselves to build out compliance teams and establish AI guardrails — and fast. "Fashion executives and their legal teams will be able to focus less on compliance for the moment, but work harder to think faster than AI," says Susan Scafidi, founder and director of the Fashion Law Institute at Fordham Law School. Brands will have to make ethical choices about things like the use of consumers' personal data to train AI, the ranking of preferred consumers and disclosures regarding chatbots.

"Without federal guidelines telling them what to do, brands will basically need to figure out their own rules for AI, whether that's recommendation engines, virtual try-ons, or algorithms that predict trends," says Lauren Madonia, Lvlup Legal business and intellectual property attorney.

A fragmented customer experience

In practice, this could mean US consumers face a vastly different experience to those in Europe and beyond. Already, Google is piloting its AI shopping features and experiments like its virtual try-on app Doppl in the US first, and Open AI's 'Operator' agent — designed to complete tasks like booking a holiday on the user's behalf — is available only to Pro users in the US. As for the AI shopping developments still in the works — like the ability to buy products within platforms such as ChatGPT through integrated checkouts; the development of AI checkout agent software; and AI-enhanced search and discovery — the key tech players in the AI race may choose the more developer-friendly US jurisdiction for initial rollouts.

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Experts have mixed views on what this means for brands: some say those that create solid internal standards could have an advantage as shoppers become increasingly aware of how AI shapes their experiences. Others say that a streamlined shopping experience will be the thing consumers care about most. They draw a comparison with Apple, which tech world commentators say has been "left behind", due to its heavy focus on protecting consumer privacy.

"Already, when you visit a website in Europe, you have to go through the cookie consent opt-in that creates a lot more friction in the user journey," says Adam Behrens, co-founder of New Gen, a startup that helps retailers incorporate AI into their e-commerce sites. "Consumers — especially younger ones — experience that in a negative way. If the US continues to move at a faster pace with AI development while Europe continues to throw up roadblocks ensuring user safety, all the features for AI-enhanced shopping just aren't going to get rolled out to customers outside of the US."

The 're-platformisation of e-commerce'

This fragmentation also impacts how brands build out their e-commerce sites on the backend. Operating across several geographies with different AI regulations adds an extra layer of complexity when it comes to the systems brands use to design their storefronts, host their product catalogues and appear in AI-powered search.

The EU AI Act has already been put into force, so brands with significant European operations and heritage may choose to apply these regulations as a blueprint further afield. "If you're an American company and you're operating globally, you're still in a way abiding by the EU rules that are already







in force, especially if you're trying to compete in other markets," says Venesa Rugova, a senior analyst at geopolitical intelligence firm Minerva Technology Futures.

If they operate across different conditional environments when it comes to what data they can use and how personal it can be, they have to choose appropriate data models for each geography separately. In the EU in particular, strict data privacy regulations like GDPR predate AI regulations and restrict the types of personal data that brands can use and store without explicit consumer consent.

"This becomes extremely unwieldy," says Jonathan Arena, Behrens's New Gen co-founder. "It feels like we're going to see a re-platformisation of e-commerce even sooner than we expected, because brands will have to rely on different AI platforms to service that need. They just can't take on that burden in-house."

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Outsourcing to manage this added complexity comes with added costs — and if the administration's plan to stamp out competition from China's cheaper AI models works, it could also leave fashion companies at the mercy of incremental price hikes from US firms upon whose AI systems their sites are built.

This could also be a blow for smaller independent brands.

"It's an especially prominent hurdle for smaller companies and fashion startups that don't have the finance, legal and compliance teams to keep tracking everything and formulate the best plan," Rugova says.

Although it's too early to know how European regulators may respond to the US's latest move, the broad consensus among the tech crowd is that Trump's plans place much more urgency on companies to figure out their own AI action plans.

"It means things are faster, there's more complexity and there's a sense of urgency. You now have to have an AI opinion or start developing an AI opinion if you're a global retailer, for sure," Behrens concludes.

