CISPE's Recommendations for the Cloud and AI Development Act

July 2025

On behalf of the European Cloud Infrastructure Providers, CISPE warmly welcomes the opportunity to comment on the Commission's upcoming Cloud and AI Development Act (CAIDA). We believe that the Act is a timely and significant initiative, and we look forward to working together with the European institutions to make the Act a success.

Executive Summary

Below you can find an overview of CISPE's recommendations for CAIDA, aligning actionable items with strategic legislative context to ensure coherence, accountability, and impact. Some recommendations are also related to CISPE's Sovereignty Manifesto, which is due to be published in the coming days.

First of all, strengthening the European digital value chain requires a comprehensive **risk assessment** to identify vulnerabilities and reduce dependencies. This effort must be grounded in a shared **definition of 'sovereign' services and providers**, to guide public policy and procurement. Sovereignty should not be purely imposed from above, but should instead reflect **customer choice**, allowing organisations to decide based on the **sensitivity of their workloads**. To support this, it is imperative that sovereign cloud options exist at sufficient scale - which should be encouraged through **procurement and funding** schemes that favour trusted European services.

Second, regulation must also address fairness and competition in cloud-AI ecosystems. Providers should be required to **host third-party AI solutions** under non-discriminatory terms. At the same time, the EU must eliminate **restrictive licensing practices** that limit interoperability and third-party support. Structural issues, such as the **bundling of AI services** into dominant software suites, need to be addressed early (through guidance and safeguards) rather than waiting for litigation outcomes. Access to **next-generation AI chips** under fair and equal conditions should also be guaranteed for EU-based providers.

Third, public procurement is a powerful tool that the EU must leverage. The Commission should publish a **unified cloud procurement policy** together with CAIDA and adopt **EU-first procurement strategies** that prioritise compliant domestic providers. The use of foreign services must be subject to **multi-cloud** setups, **clear justification based on strict evaluation criteria** and **Commission oversight**. This evaluation should reflect the real needs of public bodies, based on **core functionality**, rather than waiting for full feature parity. The Commission should also benchmark **similar procurement rules abroad**, map major existing contracts given to non-EU providers, and promote the development of **exit strategies**. To support informed choices, compliance should be demonstrated through **verifiable credentials**, and **European providers should be promoted** through catalogues, visibility initiatives, and targeted uptake of federated services. This promotion should especially prioritise **federated cloud models** such as Fulcrum, which should be actively prioritised in funding, access to resources and procurement.

Fourth, European infrastructure needs to catch up to the level of global competitors. To ensure coherent action, the EU should **clarify its capacity goals** and set **concrete targets** for permitting timelines and uptake of sovereign services. These goals must be backed by action: **streamlining permits**, especially for cross-border and European

cloud projects, and defining **shared environmental metrics**. Critical resources like **AI chips and green electricity** must be accessible to EU providers. That means updating investment planning, accelerating **grid connections**, and removing other administrative bottlenecks.

Fifth, financing mechanisms are equally important. Existing and new instruments should **prioritise EU providers** based on sovereignty and compliance criteria. The strategy must balance support for both **large-scale training and edge inference infrastructure** and include **risk-sharing schemes** to de-risk upfront investments. Purpose-built tools should target **AI infrastructure financing**, and demand-side measures like **'Sovereign Cloud Credits'** should be considered for helping to drive adoption. Funding also needs to be tailored, especially for **SMEs**, which require help scaling infrastructure, accessing AI technologies, and covering the cost of certification to demonstrate compliance with rules like GDPR and NIS2.

Finally, digital policy must be tied to sustainability goals. CAIDA should be aligned with frameworks like the **Energy Efficiency Directive** and the ongoing initiatives of DG ENER to ensure consistency. The EU should reward data centres meeting **high environmental standards** via incentives such as tax breaks and grants. AI can also be part of the solution, and the strategy should back **AI tools that improve sustainability**, such as systems for grid efficiency and demand forecasting. All of this needs to be anchored in broader policies like the **Sustainability Omnibus**, ensuring the digital transition directly supports the EU's climate commitments.

Introduction

On behalf of the European Cloud Infrastructure Providers, CISPE warmly welcomes the opportunity to comment on the Commission's upcoming Cloud and AI Development Act (CAIDA). We believe that the Act is a timely and significant initiative, and we look forward to working together with the European institutions to make the Act a success.

The European Union is right to recognise both Cloud and Artificial Intelligence as strategic industries which could be further strengthened by a thoughtful, ambitious and harmonised European regulatory approach. The Commission should ensure that the CAIDA supports a sustainable infrastructure growth within Europe led by European providers and to the benefit of European competitiveness, by promoting fairer market conditions, supporting EU providers and establishing and enforcing reasonable digital sovereignty principles.

We particularly support the Commission's ideas to streamline permitting processes, facilitate access to capital, provide support to high and fluctuating energy costs, promote interoperability and safeguards against vendor lock-in, and create more opportunities in procurement for EU-native providers as well as cross-European joint initiatives, especially for federated cloud.

The state of the European Cloud Market

It is well known that the European cloud market today is structurally dominated by US tech giants. The three 'hyperscalers' collectively control 65% of the EU's IaaS and PaaS market, with total US provider share reaching 72%. European providers, by contrast, have reportedly shrunk from 27% market share in 2017 to just 13% today.

However, this isn't just about market share. Even when companies choose EU-based providers, the tools they use with them, such as the hardware, operating systems and orchestration tools, are still overwhelmingly foreign. Although non-EU providers are – and will remain to be – integral to Europe's growth and quest for digitalisation, it is important that the Act creates the conditions for a healthy and competitive home-grown wider cloud ecosystem, so that European companies and governments can choose solutions by local providers, ideally without serious concerns about supply chains and other dependencies.

The case for optimism

Although EU providers' market share is small and shrinking, we do not believe that this justifies defeatism. Already today, EU CSPs are able to provide services at a scale that fulfils the needs of all but the largest 1% of workloads running in Europe – while for the remaining 1%, federated solutions such as Fulcrum will soon reach full maturity. In short, it is not true that Europe has 'lost' the cloud, nor that there are 'no viable alternatives' to the services offered by hyperscalers.

Europe has dynamic and innovative cloud providers that are ready to compete with global peers once they can do so under fair terms. The preconditions for this are the enforcement of fair competition rules, European principles and standards (open frameworks, interoperability, data protection, etc.) as well as support from the

European Union and Member States that at least matches the support foreign providers receive from their own states (e.g. promotion of an innovation and investment-friendly environment, access to funding, public procurement contracts, etc.).

The need for clarity

It is important that the Cloud and AI Development Act contains granular initiatives for each layer of the digital value chain. The need for expanding physical infrastructure is vastly different from others (e.g. those for open-source software development, AI training, or deploying inference workloads), and the policy tools chosen should reflect this. We would recommend that the proposal introduces a granular strategy that addresses each part of the stack individually (from chips and compute to frameworks, applications, etc.) – whether it is about funding or other regulatory incentives.

The desire for urgency

We strongly believe that the Act must prioritise actions that have a real impact on the European cloud market within the next 12 to 24 months. Europe cannot afford to wait for multi-year, billion-euro infrastructure projects to mature (and especially to fail). Although the building of new data centres and other long-term projects is crucial, the priority must be to make existing infrastructure more productive: accelerating hardware refresh cycles, repurposing or exporting legacy equipment, and directing funding towards ready-to-deploy resources. Short-term funding and policy support should be designed to maximise immediate compute availability, as well as to promote demand for these capacities. Of course, this should be complemented by a viable and ambitious plan to scale Europe's digital infrastructure – but not the other way around.

Leveraging Europe's strengths

To leverage its natural strengths, the CAIDA should consider focusing on helping Europe becoming the global home for training and deploying open-source AI models, as opposed to trying to host the training of the largest proprietary models. The reality is that Europe is unlikely to win a race to for the latter, since the companies developing them are not geographically bound and are likely to just pick jurisdictions with the weakest laws and cheapest power.

Instead, Europe should focus on creating trusted certification schemes for AI models trained under European rules, offering an IP shield against downstream regulatory capture, and channelling sovereign cloud credits (see below) towards open-source training initiatives. Such a strategy could build long-term strategic value and position Europe as the go-to region for trusted, lawful, and reusable AI building blocks – without pushing the continent into a race to the bottom it cannot win.

I. General points

Sovereignty and choice

We warmly welcome proposals to facilitate the uptake of EU-based sovereign cloud solutions in certain strategic sectors. As a rule, we believe that ultimately customers should be able to choose according to their needs. This means, on the one hand, that in non-sensitive sectors and for non-sensitive applications, companies should be able to choose the tools of their choice – as long as those abide by the European standards and principles, which could be proven via Gaia-X verifiable credentials where available. On the other hand, it also means that customers should have the option to choose trusted European providers for workloads they deem sensitive. For this, we strongly support initiatives to ensure the availability of cloud solutions that operate fully under EU jurisdiction, free from foreign government influence**.** This includes promoting European-owned infrastructure, interoperable software stacks, and certified services that guarantee the availability of services and that access data remains governed exclusively by European laws, for example via EU-first public procurement rules (see section on public procurement below).

A possible first step in this regard could be to establish a comprehensive and systematic risk assessment for the entire digital value chain. This should enable frequent monitoring and updating of foreign dependencies and strategic vulnerabilities and thus inform policy directions to reduce exposure to threats such as supply chain disruptions or being subject to external political leverage. We believe that a clear understanding of these dependencies is a prerequisite for building resilient infrastructure and ensuring that Europe's digital and AI capacity is developed on a secure and sovereign foundation.

Concurrently, the Commission – together with the Parliament and Member States – should establish a definition for what constitutes a 'sovereign' service and provider. CISPE's recent change in governance and the limitations regarding participation in CISPE's 'Sovereignty Committee' may provide a good starting point for this endeavour.

Article 17.9bis of the CISPE Articles of Association:

All voting members of the Association are eligible for the Sovereignty and Strategic Autonomy Committee if they meet the following criteria:

i. They have their registered office and global headquarters located in a state within the European Economic Area (EEA).

ii. At least 85% of their ultimate beneficial owners are either companies with their registered office and headquarters in an EEA state, or individuals who hold European or EEA nationality;

iii. No third-party entities headquartered outside the EEA hold, individually or collectively, a veto right by virtue of a contract or statutory clauses;

iv. No third-party entities headquartered outside the EEA have the power to appoint the majority of the member's administrative, management, or supervisory bodies by virtue of a contract or statutory clauses;

v. The CEO or CFO of the member certifies that the member fulfils these criteria to participate in the Committee.

Fair competition

Given that AI requires the ability to process large quantities of data, there is simply no AI without cloud. The interplay of cloud computing and AI raises new competitive challenges that we believe existing regulations, such as the Digital Markets Act (DMA), only partially address. In particular, proprietary ecosystems and interfaces/APIs, restricted development tools, and limited portability of models and apps often result in reduced interoperability and even vendor lock-in. Such barriers hinder innovation, make market access more difficult for European providers, and reinforce the dominance of a few global players. We believe that CAIDA offers an opportunity to tackle these structural issues head-on by promoting a European approach to AI, built on open technical standards, open interfaces and interoperable frameworks.

The Act should ensure that cloud infrastructures can host third-party AI solutions under fair, reasonable and non-discriminatory conditions, as this would benefit the emergence of a competitive and resilient European cloud and AI ecosystem. We encourage the Commission to adopt measures to eliminate artificial barriers that limit customer choice, such as restrictive licensing practices that prevent third-party providers from offering maintenance or support services. Fair choice requires technical interoperability between cloud and AI applications, so customers can combine tools and services from different vendors without facing lock-in.

As explained below, we believe that one way to ensure this is to support efforts to pool European cloud resources through open frameworks, enabling customers to combine certified services from multiple EU providers. This approach builds on Europe's existing strength in the cloud market and offers a pragmatic path to reduce dependence on hyperscalers without repeating the mistakes of top-down industrial strategies.

Moreover, the Commission should, either in CAIDA or via other appropriate tools, clamp down on the clearly illegal forced bundling of AI features into pre-existing dominant software suites, which has become a trend for large SaaS providers[*]. Such practices force customers to pay for tools they may not want and kill competition even before it could emerge. Ideally, the European Commission should not even wait for long competition cases to play out but issue some kind of immediate guidance to prohibit such practices. Clear lines must be drawn as soon as possible to ensure customer choice and a fair playing field for European AI providers.

Finally, fair access to next-generation AI chips must be guaranteed. Today, the largest providers operate without supply constraints, while others are often locked out. Access to the latest technology, which might be an order of magnitude more efficient than the previous generation, is indispensable for EU providers to be able to compete.

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[*] See for example Adobe, Google, Salesforce and Microsoft

Promotion of federated cloud solutions

The Commission – like the Council[**] and the Parliament[***] – should explicitly recognise the value in cloud federation initiatives such as the **Fulcrum Project**. Fulcrum's example demonstrates that Europe can further scale its existing cloud solutions without needing to replicate the business model and infrastructure of large foreign providers and can do so without significant amounts of public funding. As an additional benefit, by connecting small data centres closer to the network edge, such initiatives can produce a truly European competitive edge over even the largest foreign competitors, for example when it comes to low-latency applications.

As noted above, revised public procurement rules could prioritise such federated initiatives, and the Commission should make sure they can receive targeted funding under future EU programmes. However, federated cloud services will also likely require specific guidance and/or adjustment in regulation frameworks related to cybersecurity, data protection, etc. The European Commission should make sure that its simplification agenda allows federated cloud initiatives to be unburdened by additional regulatory red tape when compared to solutions offered by a single provider.

I. GENERAL POINTS | SUMMARY OF PROPOSALS	
I.1	Establish a comprehensive risk assessment for the European digital value chain
I.2	Establish a definition of what constitutes a 'sovereign' service and provider
I.3	Ensure customer choice on sovereignty based on sensitivity of workloads
I.4	Promote EU jurisdiction-only cloud solutions through procurement and certification
I.5	Ensure cloud infrastructures host third-party AI solutions under fair terms
I.6	Eliminate restrictive licensing that limits third-party support and interoperability
I.7	Support pooling of European cloud resources via open, interoperable frameworks
I.8	Prohibit forced bundling of AI services into dominant software suites
I.9	Issue guidance to prevent anti-competitive bundling before litigation outcomes
I.10	Guarantee fair access to next-generation AI chips for EU providers
I.11	Recognise and support federated cloud initiatives
I.12	Ensure federated cloud services are prioritised in procurement and simplification

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[**]   ' See quote in the document Takeaways from the Council debate on Boosting Cloud and AI Development in the EU (WK 5272/2025): *Encouraging collaboration among European cloud providers is fundamental to building a robust and resilient cloud ecosystem capable of delivering competitive and secure services. Therefore, European cloud federation initiatives or initiatives like GAIA-X for a federated secure data infrastructure, should be supported.'*

[***]   See quote in the adopted ITRE INI Report on European technological sovereignty and digital infrastructure (2025/2007(INI)): *'whereas federated models could enhance the competitiveness of the Union-market by facilitating the emergence of significant European alternatives building on local market expertise and presence'*

II. Public Procurement

The Commission is right to identify public procurement as the most potent short-term tool it has in its arsenal to catalyse demand for European offerings and therefore support the competitiveness of European providers. We therefore strongly support the establishment of a unified policy direction on public procurement for cloud, and we ask the Commission to publish this document[****] as early as possible – ideally together with the Act itself. The document does not need to reinvent the wheel – CISPE's **Public Procurement Handbook** already provides a comprehensive set of recommendations for European public administrations regarding a wide-ranging set of aspects. We simply cannot afford the kind of delays that characterised the Cloud Rulebook, which was promised for 2022 but remains unpublished.

EU-first cloud procurement policies

Overall, we believe that public sector buyers should choose services by European providers where the needed solutions exist – and this is especially true for the European institutions. Indeed, if no 'sovereign' solution exists for a public administration's needs, they should simply procure multi-cloud solutions combining European and non-European providers – which has the additional benefit of ensuring interoperability and thereby reduce the risk of lock-in. In extreme edge cases whereby a public administration can't avoid not to procure exclusively from a foreign provider, it should at the very least explain in detail the technical and operational reasons for not being able to choose a European or multi-cloud solution, given that this is a clear indicator of a strategic vulnerability. Accordingly, the Commission should collect and carefully analyse these justifications and issue reports about how it plans to support eliminating the dependencies underlying them.

Although there is a widespread reluctance to adopt such measures as many believe them to be against international trade rules, the truth is that practically every foreign country with domestic supply enacts similar measures. We recommend that the Commission conducts a detailed mapping of these measures across the globe – as part of the CAIDA Impact Assessment or the review of the EU's Public Procurement rules – in order to understand the global context and dispel the widely held belief that the EU is the only region or country in the world that considers supporting home grown providers in areas of strategic importance.

It's important to note that when evaluating whether a European alternative is available, the public administration's analysis should focus on whether it can meet the core needs of the public administration – and not whether it matches every single feature of existing tools used. Switching to a new solution will require effort, training and costs, and public procurement rules should recognise this and help support the transition.

As for the numerous cases where a public administration is already locked into a long-term contract in the monoculture of a non-European provider, we urge the European Commission to conduct and publish a mapping of the largest such contracts and identify the way in which they could be replaced by a European or multi-cloud alternative once they expire.

[****] The publication of a 'single EU-wide cloud policy for public administrations and public procurement' was first mentioned in the Mission Letter of EVP Virkkunen (p.7), but is not in the 2025 Work Programme of the Commission.

Promoting European values via verifiable credentials

We believe that the public procurement rules should also prioritise or oblige the selection of offerings that fulfil certain criteria related to European regulations and standards regarding sustainability (CNDCP), Interoperability (Cloud Switching Framework), Data Protection (GDPR CoC), Fair Competition, etc. The Trust Frameworks and Labelling policies developed by Gaia-X already today provide the essential basis for secure, trusted and sovereign cloud infrastructure and therefore they must be part of the foundation for new cloud procurement principles.

Raising the visibility of European solutions

As noted afore, it is crucial that the Cloud and AI Development Act recognises that European Cloud Service Providers can already serve workloads at a very large scale, and indeed many critical sectors already rely on European cloud providers today. European cloud providers have made notable progress and now offer a wide range of solutions for many different use cases. Nonetheless, improving visibility remains crucial to ensure awareness about these offers and reduce inertial effects keeping public and private customers using solutions only by hyperscalers. It is clear therefore that additional mechanisms that enhance the discoverability and accessibility of European cloud services are essential. We encourage the European Commission to advertise the availability of European cloud providers and home-grown capacity and focus efforts on advertising these solutions. By way of example, the CISPE catalogue already serves as a valuable tool to help users identify trustworthy and competitive European providers.

Promoting federated solutions

Federated cloud services, built upon the verifiable credentials mentioned above, allow European sovereign cloud infrastructure providers to pool capacity, deliver scale, resilience, flexibility and reach to European cloud customers.

Projects like **Fulcrum** - which will integrate the Commission's DOME marketplace –, as well as the **SECA API** developed by Aruba, IONOS and Dynamo, are key to building a more cohesive and robust federated multi-provider environment. The Commission should identify ways to strengthen such federated cloud solutions and encourage their widespread adoption, especially in the public sector.

II. PUBLIC PROCUREMENT | SUMMARY OF PROPOSALS	
II.1	Publish a unified cloud procurement policy alongside CAIDA
II.2	Promote EU-first procurement policies prioritising European cloud providers
II.3	Require justification and Commission analysis for use of non-EU cloud solutions
II.4	Benchmark foreign protectionist procurement measures
II.5	Evaluate procurement based on core needs, not full feature parity
II.6	Map and publish large foreign cloud contracts with exit strategies
II.7	Prioritise services meeting EU standards via verifiable credentials
II.8	Raise visibility of European cloud providers through advertising and catalogues
II.9	Encourage adoption of federated cloud services in public sector

III. Capacity building

We fully support the Commission's ambition in significantly increasing the pace of data centre deployment in Europe. However, we would like to learn more about the objective to 'triple data centre capacity' on the Continent. It is not clear to us what this actually refers to – for example triple total energy consumption, physical footprint, or compute performance, etc.

On the one hand, tripling energy use in itself may not be a desirable target, especially in light of the sector's sustainability commitments. On the other hand, if the goal is to triple compute capacity, that will likely depend largely on external factors. For example, innovations leading to rapid advances in hardware efficiency could achieve such a target by 2032 without requiring many additional data centres.

In short, we fear that such ill-defined and arbitrary capacity targets risk distorting policy and investment decisions. This being said, we do see a need to build more data centres to supply the increasing demand from customers in Europe, and welcome measures that facilitate this while we continue to work to be as energy efficient and sustainable as possible. In sum while we support the objectives of the 'tripling' of capacity, we think that the Commission's focus would be better placed on creating the right enabling conditions – permitting, funding access, interoperability frameworks, and public procurement incentives towards European and federated solutions – so that providers can scale organically.

However, we would like to see similarly ambitious goals related to other areas, such as cutting permitting times for data centres in half, as well as targets for using solutions that European, sovereign, federated, use Gaia-X labels, etc. We believe the added value of such targets could be larger than targets about elusive metrics such as capacity.

Simplifying permitting rules and procedures

We completely agree with the Commission's assessment that the deployment of cloud and edge infrastructure is often slowed down by local permitting barriers, administrative delays, and inconsistent access to resources such as land, water and energy. Faster permitting could significantly reduce project times and costs.

We strongly support actions to streamline these processes at European level. Besides a general facilitating and speeding up of permitting for all providers, the Commission should consider giving additional priority to projects of European Cloud Providers and especially cross-border initiatives involving multiple providers from different Member States. In addition, it might be useful to define common metrics at European level to assess environmental impact, taking into account the specific characteristics of each country.

Finally, we believe that the Commission should help to ensure access to scarce elements required for the expansion of data centre capacity, such as green electricity, power conversion equipment, and importantly the latest AI chips, some of which are in short supply, and whose volume and availability maybe curtailed by export or usage restrictions imposed by foreign governments.

Improving access to green electricity

The largest bottleneck for data centre development today is the lengthy timelines to access power in many Member States. While there is net capacity in many countries, accessing the power can be challenging and require multi-year projects to reinforce existing – or build new – grid. There is a need for Transmission System Operators to proactively invest in grid projects to meet projected demand on time. The permitting process for grid also needs to be made more effective to shorten lead-times for grid projects.

III. CAPACITY BUILDING | SUMMARY OF PROPOSALS	
III.1	Clarify capacity goals to avoid misaligned policies
III.2	Set clear targets for cutting permitting times and use of EU sovereign cloud
III.3	Streamline permitting processes, prioritising EU and cross-border cloud projects
III.4	Define common environmental metrics for cloud deployments
III.5	Ensure access to scarce resources (e.g. AI chips, green electricity) for EU providers
III.6	Improve grid investment planning and shorten electricity access timelines

IV. Access to funding

We support the Commission taking a more active role in supporting data centre deployment via various instruments (funding, subsidies, tax benefits, etc.). The EU and Member States can be key enablers in overcoming initial issues such as capital barriers and lack of demand. As noted above, such funds and subsidies should be primarily targeted to European cloud providers. Also, funding and benefits should depend on the fulfilment of criteria regarding sustainability, interoperability, data protection, involvement in federated cloud projects, etc. Finally, data centre deployment should be aligned with broader investment strategies that prioritise local capabilities, including development of skills and talent.

When it comes to AI capacity specifically, the Commission should pursue a balanced strategy that supports both large-scale data centres for AI model training but also distributed, edge-oriented infrastructure for inference**.** This latter is just as important as training, as inference infrastructure enables innovative AI deployment in real-world applications across industries and public services. A significant portion of AI value will be realized through inference – indeed, according to recent studies, inference workloads will become dominant by 2030.

Moreover, the Commission should also consider mechanisms to de-risk cloud investments. Many cloud and infrastructure providers will need to invest in building these facilities ahead of actual demand to stay relevant and avoid strategic exclusion from emerging ecosystems. Without targeted support or guarantees, these providers risk tying up capital in underutilised infrastructure for years. This is especially true for smaller European players, who face higher financing costs and less predictable market access compared to global hyperscalers.

Finally, it's important to note that traditional data centre investment assumes steady demand and low risk. But AI training and inference do not follow this model – instead, they require large upfront capital and have highly variable and uncertain demand profiles. The Commission should take this into account when designing financing tools for AI workloads. It is important to consider new kinds of instruments, such as revenue-based financing, state acting as an anchor tenant, as well as risk-sharing schemes, or guarantees, specifically designed for AI infrastructure. We fear that treating AI compute as just another cloud workload risks leading to underinvestment and wasted capacity.

Dedicated funding for sovereign solutions

Tools the Commission is considering, such as tax credits and can be beneficial for European companies in certain cases. However, tax credits and other kinds of benefits for companies should contain safeguards ensuring that taxpayer funds do not end up indirectly going to competing non-European services. Any public support and funding going to providers for cloud capacity should come with the precondition that their cloud needs should be covered via European providers. Otherwise, the Commission may end up inadvertently funding Europe's continued dependence on foreign providers.

As such, we suggest the introduction of 'Sovereign Cloud Credits'. These could be distributed by Public Administrations to startups, researchers, and SMEs for the consumption of European cloud compute resources, especially for AI workloads. Europe urgently needs mechanisms to generate stable demand for sovereign cloud and AI services and these credits would be redeemable with any compliant EU provider,

which means they facilitate uptake without significantly hindering competition. The details of such a mechanism would of course need to be worked out in detail, and we at CISPE stand ready to help develop it together with the European institutions so that it maximises the benefit for Europe's competitiveness and strategic autonomy.

Dedicated assistance to SMEs

SMEs must be central to any European cloud and AI strategy. Without empowering smaller players, Europe risks consolidating innovation within a few large providers, undermining diversity and resilience. Therefore, targeted funding instruments should enable small and medium-sized firms to access the capital and compute resources needed to develop and scale AI technologies competitively. More generally, deploying data centre initiatives must go hand in hand with strategies that encourage both public and private investments focused on strengthening local and regional capabilities. This includes dedicated funding mechanisms to support AI research and development within European SMEs, ensuring these companies have timely access to capital and computing resources needed to innovate and compete effectively in the AI ecosystem.

Funding should be made available to SMEs to allow them to prove compliance with European standards and frameworks effective. Today, each certification to prove compliance with European legislation (e.g. GDPR, DORA, NIS2) as well as EU and international standards (ISO, SOC, etc.) each can cost up to tens of thousands of euros. Many SMEs simply cannot afford to certify against all of these, which will lose them potential clients. We believe that the Commission should simply offer to bear the costs of any certification (up to a reasonable cost) that an SME undergoes to demonstrate compliance with a European legislation or standard.

IV. ACCESS TO FUNDING | SUMMARY OF PROPOSALS	
IV.1	Use funding instruments to support European cloud providers, linked to EU criteria
IV.2	Support both large-scale and edge AI infrastructure with balanced strategy
IV.3	Introduce risk-sharing mechanisms to de-risk cloud investments by EU players
IV.4	Design specific financing tools for AI workloads
IV.5	Introduce 'Sovereign Cloud Credits' redeemable with compliant EU providers
IV.6	Target funding to SMEs to scale AI technologies and infrastructure
IV.7	Cover certification costs for SMEs complying with EU legislation (GDPR, NIS2, etc.)

V. Sustainability

Europe's 'AI Continent' ambitious must be balanced with our sustainability objectives. As data centres have become critical infrastructure for society and the economy, their environmental footprint, especially in terms of energy and water use, must be addressed. The Cloud and AI Development Act should play a central role in ensuring that infrastructure growth does not come at the expense of sustainability but instead contributes to the EU's green transition goals. It is also important to remember that the greatest environmental gains for Europe are still coming from companies and government institutions migrating from legacy on-premise infrastructure to modern, energy-efficient data centres. It is one of the rare cases where the two arms of the dual transition go hand in hand.

Given that the Energy Efficiency Directive (EED) is now in force, requiring data centre operators to report sustainability performance metrics, and DG ENER's ongoing work to develop a Data Centre Rating Scheme, we would discourage additional sustainability requirements in this legislation. European operators are already adjusting to the administration required to meet EED reporting obligations. The industry needs a cohesive approach to environmental accountability that is consistent across the European Commission. The most workable solution would be to in the CAIDA refer to the EED and other policy developments by DG ENER.

We recommend incentivising green infrastructure by introducing EU-level financial incentives such as tax breaks, subsidies, or grants for data centres and AI facilities that meet high sustainability standards, like those developed by the Climate Neutral Data Centre Pact including energy efficiency (PUE), water conservation (WUE), and renewable energy integration (REF).

We also support the promotion of AI applications that directly contribute to sustainability objectives, such as improving energy grid efficiency, climate forecasting, and natural resource management. The Commission should support the development of such applications via various financial means, such as the ones described above.

We acknowledge that to understand data centre efficiency, both the infrastructure and the computing function should be evaluated. Cloud computing operators have been continuously prioritising gains in compute efficiency. In the context of the current pace of technological evolution it is important to understand that while IT performance is continuously improving, it could vary on workload types and hardware refresh cycles. Therefore, the inclusion of an IT capacity metrics requires a balanced approach: any future metrics should account for the diversity of IT technologies in use, be measurable across the industry, promote efficient use of infrastructure, and support ongoing technical innovation.

Finally, and more generally, it is essential that the future cloud and AI development strategy aligns with existing EU initiatives that promote both innovation and environmental sustainability across the digital economy, especially the Sustainability Omnibus.

V. SUSTAINABILITY | SUMMARY OF PROPOSALS	
VI.1	Align CAIDA with existing sustainability frameworks (EED, DG ENER)
VI.2	Incentivise green infrastructure through EU-level tax breaks and grants
VI.3	Support AI solutions that advance sustainability (e.g. grid efficiency, forecasting)
VI.4	Ensure cloud/AI strategy aligns with initiatives like CSRD and dual transition goals

Conclusions

CAIDA is Europe's – maybe last – chance to lay the foundation for a competitive, sovereign, and sustainable cloud and AI ecosystem. But this will only happen if the Commission avoids vague ambitions and focuses on specific, enforceable actions that deliver real change within the next year or two. European providers do not need protectionism – they need a level playing field, predictable demand, and access to modern infrastructure and capital.

To that end, CAIDA should:

- Target short-term, high-impact measures to expand usable compute capacities now – not only long-term infrastructure goals.

- Support predictable demand for European solutions through reasonable EU-first public procurement rules, combined with enforceable requirements regarding other European rules and values on topic such as interoperability, data protection, sustainability, etc.

- Recognise, support and adopt federated cloud projects which represent Europe's best chance at competing globally;

- Design funding tools tailored to the volatile and capital-intensive nature of AI workloads – including sovereign cloud credits;

- Design an ambitious but effective sustainability policy that focuses on effective output (as opposed to input) and recognises the overall benefits of cloud/AI adoption and use.

The window to act is short, but Europe still has the talent, infrastructure, and innovation capacity to build a resilient and competitive digital backbone. We are excited to work with the European legislators on the Cloud and AI Development Act to make this happen.

About CISPE

Cloud Infrastructure Services Providers in Europe (CISPE) is a non-profit association that focuses on developing greater understanding and promoting the use of cloud infrastructure services in Europe. Members based in 14 EU Member States range from SMEs to large multinationals. CISPE members have invested billions of euros in Europe's digital infrastructure and currently provide services to millions of customers, including organisations in multiple countries and locations outside the EU.

CISPE.cloud