

## RESPONSE TO CONSULTATION - SUPPLEMENTARY COMMENTS

# CCIA Europe Response to European Commission's Consultation on Second Package of EU Retaliatory Tariffs

The Computer and Communications Industry Association (CCIA Europe) welcomes the opportunity to respond to the European Commission's consultation on potential additional retaliatory measures in response to U.S. tariffs.

CCIA Europe respectfully urges the European Commission to exempt **data centre processing units (CN code 84715000)** and **solid-state storage devices (CN codes 85235110 and 85235190)** from the scope of any retaliatory tariffs. These components are critical to the development and operation of Europe's digital infrastructure, and their inclusion would risk undermining broader economic and strategic objectives.

We encourage the Commission to assess the wider economic implications of imposing tariffs on essential digital equipment. As a guiding principle, retaliatory measures should prioritise goods that are readily substitutable, have limited impact on downstream industries, and for which the burden of tariffs can be equitably shared across Member States.

Additional details are set out below to assist in your assessment.

## Exempt critical digital components

We strongly recommend excluding key digital infrastructure equipment—specifically **data centre processing units (CN code 84715000)** and **solid-state storage devices (CN codes 85235110, 85235190)**—from any retaliatory tariffs.

These components are foundational to the development and operation of data centres, which are in turn essential to powering Europe's digital economy. They are not easily substitutable through alternative suppliers or domestic production, and their inclusion in tariff lists would have cascading effects on the entire digital ecosystem.

## Safeguard the EU's digital transformation

Europe's demand for cloud services is expected to rise sharply, driven by AI adoption, enterprise digitisation, and the digitalisation of public services. New tariffs on critical data centre inputs would inevitably raise costs for cloud service providers—and by extension, for the European businesses and institutions that rely on them.

This would come at a time when the EU is seeking to position itself as a leading destination for digital investment. Initiatives such as the Cloud and AI Development Act and the AI Continent Action Plan underscore the EU's commitment to scaling up its data centre capacity. Yet tariffs on essential inputs could deter the very investments the EU is trying to attract.

As the European Commission itself recently noted,<sup>1</sup> one of the primary constraints on expanding data centre infrastructure is the availability of advanced components and capital. Tariffs would only exacerbate this challenge.

## Minimise investment diversion risks outside Europe

The global landscape for data centre investments has become increasingly competitive. Therefore, the imposition of tariffs on critical data centre equipment and components threatens to redirect billions in planned investments away from the EU.

This is not merely a theoretical concern. We have already seen evidence of the impact of tariff policies on data centre investments, with recent decisions to locate major data centre hubs in Singapore and Japan being directly linked to their favourable import policies.<sup>2</sup>

The consequences of investment diversion would be far-reaching for the EU's digital economy. Beyond the immediate loss of billions in direct investment, the EU would face reduced local job creation, stunted digital infrastructure development, and decreased cloud service availability.

## Avoid disproportionate impact on Member States

The introduction of tariffs on data centre equipment and components would very likely impose a disproportionate cost on a few Member States where the data centre industry is a major source of economic activity and employment. To prevent these distortions, the Commission should avoid introducing tariffs on goods where the costs cannot be equitably apportioned between Member States.

## Support environmental and efficiency Goals

Modern data centre equipment and components are increasingly energy-efficient, contributing to the EU's sustainability goals. The Commission has recently acknowledged<sup>3</sup> that technological innovation in data centre equipment promises significant resource savings, but remains underexploited. Moreover, the 2024 EU Code of Conduct for Data Centre Energy Efficiency also recommends the selection of energy-efficient IT hardware to reduce power consumption, improve thermal performance, and support overall environmental sustainability in data centre operations.

Imposing tariffs could slow the adoption of these newer, more environmentally friendly technologies, potentially impacting the EU's climate objectives. The ability to upgrade and maintain data centres with the latest, most efficient equipment should remain unimpeded.

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<sup>1</sup> European Commission Call for Evidence on Cloud and AI Development Act

<sup>2</sup> Global Data Center Trends 2024, CBRE, available on <https://www.cbre.com/insights/reports/global-data-center-trends-2024>

<sup>3</sup> European Commission Call for Evidence on Cloud and AI Development Act

## Reinforce transatlantic digital cooperation

While preparing contingency measures, we also encourage the Commission to intensify its diplomatic efforts with the U.S. to resolve the underlying trade dispute. A negotiated solution remains the best outcome for both parties.

We commend the Commission for its proactive outreach thus far, and believe there are areas where greater EU-U.S. alignment could bring significant benefits to businesses on both sides of the Atlantic.

Specifically, with the U.S. Government and the Commission both placing digital trade at the centre of their trade agendas, there is an opportunity to raise the bar on transatlantic digital cooperation. An EU-U.S. digital trade agreement could include, for example:

- Binding provisions on cross-border data flows (which both parties have already adopted in their respective FTAs);
- Deepening cooperation and commitments on cybersecurity and public procurement;
- New mechanisms for alignment on technology security (e.g., export controls, investment screening).

An EU-U.S. digital trade agreement would help provide long-term stability for EU-U.S. trade, bolster transatlantic technology supply chains, and provide significant benefits for the EU's technology industries.

## About CCIA Europe

The Computer & Communications Industry Association (CCIA) is an international, not-for-profit association representing a broad cross section of computer, communications, and internet industry firms.

As an advocate for a thriving European digital economy, CCIA Europe has been actively contributing to EU policy making since 2009. CCIA's Brussels-based team seeks to improve understanding of our industry and share the tech sector's collective expertise, with a view to fostering balanced and well-informed policy making in Europe.

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### For more information, please contact:

CCIA Europe's Head of Communications, Kasper Peters: [kpeters@ccianet.org](mailto:kpeters@ccianet.org)