CCIA Europe Response to the European Commission's Consultation

Cloud and AI Development Act

July 2025

The Computer & Communications Industry Association (CCIA Europe) welcomes the opportunity to provide feedback to the European Commission's call for evidence on the Cloud and AI Development Act (CAIDA), and offers the following 12 key recommendations.

I. Accelerating Europe's digital transformation

Europe's digital success hinges on a robust and innovative cloud and AI ecosystem, fostering an open and fit-for-purpose environment to leverage best-in-class innovation for sustained growth and value creation.

Recommendations:

1. Streamline data centre permitting to reduce delays and improve outcomes
2. Adapt zoning rules to reflect the operational needs of modern data centres
3. Strengthen public-private collaboration for infrastructure development
4. Avoid asymmetric regulation and prioritise principle-based policies

II. Fostering competitive and interoperable infrastructure

A thriving European digital economy relies on fair competition and customer choice, allowing organisations to select cloud services based on merit, driving efficiency and security. Simplifying security and data protection rules will further improve economic outcomes.

Recommendations:

5. Expand compute capacity in open, provider-agnostic ways
6. Address anticompetitive software licensing practices that restrict cloud choice
7. Promote non-discriminatory, standards-based solutions in public procurement
8. Leverage and simplify existing cybersecurity and data protection regulations

III. Promoting sustainable infrastructure

Achieving Europe's digital and climate goals requires sustainable infrastructure; supported by a simplified, coherent regulatory framework that drives investment and rapid progress.

Recommendations:

9. Prioritise the EU's Data Centre Rating Scheme for environmental accountability
10. Accelerate investment and streamline permitting for clean and carbon-free energy
11. Modernise electricity grids to support increased demand and renewable integration
12. Ensure consistency across sustainability initiatives

Introduction

The European Union is at a pivotal moment in its digital transformation, with ambitious goals to expand computing capacity in Europe, as well as fostering innovation in cloud and artificial intelligence (AI).

The Computer & Communications Industry Association (CCIA Europe) and its Members are deeply committed to Europe's digital success and competitiveness, with significant investments in infrastructure across the EU and partnerships with European companies of all sizes. To truly realise the European Commission's ambitions, it is imperative to cultivate an open, competitive, and sustainable digital ecosystem. To that end, we recommend the CAIDA to focus on the three following objectives:

I. Accelerating Europe's digital transformation
II. Fostering competitive and interoperable infrastructure
III. Promoting sustainable infrastructure

I. Accelerating Europe's digital transformation

Europe's digital success hinges on a robust and innovative cloud and AI ecosystem, fostering an open and fit-for-purpose environment to leverage best-in-class innovation for sustained growth and value creation.

1. Streamline data centre permitting to reduce delays and improve outcomes

Current permitting processes are overly burdensome and lengthy, involving complex and fragmented regulatory frameworks involving a broad range of different authorities at local, regional and national level.

The complexity of the different regulatory frameworks, which tend to be updated regularly, and the lack of resources and expertise by authorities, create tremendous challenges for the diverse set of operators involved in these processes and considerably extend timelines for deployment. We recommend simplifying permitting processes by fast-tracking procedures and establishing single points of contact in each EU Member State.

The permitting procedure should be improved to enable parallel review of permits and include clear, binding timelines. The rules should further clarify appeal procedures. This enhanced collaboration between private entities and public authorities would considerably improve communication and speed up permitting processes.

Introducing pre-permit review mechanisms, digitising review and feedback processes, and establishing clear timelines for maximum permit-handling time can significantly reduce delays.

2. Adapt zoning rules to reflect the operational needs of modern data centres

Current zoning laws are often inappropriate and do not account for the specific needs of operators, thus creating additional complexity.

Suitable sites for data centres need to be close to water and electricity networks, strong connectivity, and access to skilled workforce. We recommend developing harmonised EU criteria to identify suitable locations across Member States and transparently mapping available resources, including available utility networks and connectivity.

Adapting zoning rules to better accommodate digital infrastructure is essential and should be prioritised for efficient data centre development.

3. Strengthen public-private collaboration for infrastructure development

Proactive engagement and communication from governments regarding the importance of data centres to local communities, together with clear explanations regarding the economic benefits of data centres, can help overcome local opposition.

To avoid delays in permitting processes, it is crucial to have clear rules and procedures in place to allow parties with legitimate interest to raise objections. We recommend limiting public consultations to zoning processes. After permit approval by public authorities, immediate neighbours should be granted the legal right to object.

Strengthening partnerships between industry and public authorities at all levels can streamline processes, enhance communication, and foster more efficient outcomes for critical digital infrastructure projects.

4. Avoid asymmetric regulation and prioritise principle-based policies

It is widely acknowledged that the EU has reached a level of regulatory complexity that directly impacts digital innovation and slows down the EU's economic growth. CCIA Europe strongly supports the European Commission's objective to boost competitiveness by simplifying regulatory frameworks.

However, a robust simplification effort also implies to avoid introducing new regulations without sufficient evidence. Ensuring that existing rules are effectively implemented and enforced is fundamental, and we identify a number of existing rules and initiatives that directly overlap with this call for evidence. CAIDA presents an opportunity to streamline rules by removing duplicative requirements and easing the regulatory burden on companies to speed up processes and improve economic outcomes.

Against this background, CCIA Europe calls on the Commission to ensure that CAIDA does not introduce additional complexity or duplicate existing rules and initiatives. Discussions should focus on agreed principles rather than exhaustive details, thus reducing legal uncertainty and supporting innovation.

Moreover, we urge the Commission to refrain from discriminating against specific providers, as this will negatively impact European businesses and public authorities by reducing choice and increasing costs.

II. Fostering competitive and interoperable infrastructure

A thriving European digital economy relies on fair competition and customer choice, allowing organisations to select cloud services based on merit, driving efficiency and security. Simplifying security and data protection rules will further improve economic outcomes.

5. Expand compute capacity in open, provider-agnostic ways

The Commission's objective of tripling EU data centre capacity in the next years – in order to enhance its computing capacity and seize the benefits of AI – is a laudable one. However, this objective needs to align with the substantial economic evidence demonstrating that the majority of economic benefits stemming from AI will be derived from adoption at scale.[1]

The EU should account for the existing cloud computing capacity at hand and acknowledge the substantial cost of investments in lower layers of the technology stack, such as computing power. To increase the EU's competitiveness, it is fundamental to strike a balance between increasing domestic capacities and accessing cutting-edge technologies provided by non-EU players with significant investments in Europe.

Instead of aiming to substitute existing capabilities by investing in domestic providers, the EU should focus on expanding its compute capacity in ways that are agnostic to specific providers. This approach, coupled with robust technical safeguards – such as customer-managed encryption and confidential computing – ensures domestic control of data and workloads without stifling innovation or raising costs.

Limiting access to cutting-edge and secure technology will negatively impact Europe's economy and critical sectors by raising costs and reducing operational efficiency. According to economic research, discrimination against non-European cloud service providers could result in a decline in EU GDP of between €537 billion and €572 billion over a five-year period.[2] It is essential to leave choice and acknowledge that public and private entities alike are best placed to decide which provider meets their operational needs.

It must also be acknowledged that security and resilience go hand in hand with a diversified global supply chain. Restrictive requirements impacting user choice will harm the very European champions, startups, and SMEs that the EU wants to nurture.

We urge the Commission to focus on leveraging the EU's strengths in order to truly become an AI Continent – this should be done by promoting multi-provider strategies, encouraging partnerships, and focussing on provider-agnostic safeguards to increase resilience.

[1] RBB Economics, 'Competitive Dynamics of Generative AI', 12 June 2025, accessible at: https://www.datocms-assets.com/79198/1749664324-competitive-dynamics-of-generative-ai.pdf.
[2] Dr Matthias Bauer and Dr Philipp Lamprecht, 'The Economic Impacts of the Proposed EUCS Exclusionary Requirements: Estimates for EU Member States', October 2023, ECIPE Occasional Paper – No. 04/2023, accessible at: https://ecipe.org/publications/eucs-immunity-requirements-economic-impacts/

6. Address anticompetitive software licensing practices that restrict cloud choice

Restrictive software licensing practices can significantly undermine competition and ultimately harm European customers, businesses, and the public sector.[3] To fully seize the opportunities of innovation in AI and cloud computing, it is essential to ensure fair and open competition in the cloud market.

While we observe thriving and highly dynamic competition throughout the AI value chain (with a broad range of new entrants and new opportunities created by the high pace of technological innovation leading to new innovative applications) it is important to assess limitations stemming from restrictive licensing practices that continue to limit customer choice.[4] Such practices may force organisations to adopt or use specific cloud environments due to financial penalties or restrictions, even if better alternatives exist.

While existing competition law adequately addresses potential anti-competitive practices, we urge the Commission to take swift and targeted action to prevent market distortion and ensure organisations can freely choose services based on merit.

7. Promote non-discriminatory, standards-based solutions in public procurement

To promote new entrants and drive competition and innovation, the EU has the unique opportunity to adopt non-discriminatory, standards-based solutions – i.e. instead of mandating specific proprietary technologies.

Public cloud procurement rules should promote a diverse set of providers and empower customers by establishing fair, transparency, and clear criteria. Exceptions to procurement rules should remain limited and proportionate, and should be justified in line with the EU's own internal market rules, bilateral and international trade commitments – including the WTO Agreement on Government Procurement (GPA). Deviations to these fundamental principles would considerably undermine the EU's 2030 Digital Decade goals and slow down the uptake of cloud and the wider digitalisation of public services.

Such a non-discriminatory strategy would considerably increase choice for customers, enhance flexibility by supporting multi-cloud and hybrid-cloud approaches, improve the EU's resilience to cyber threats, and further diversify access to rapidly evolving technologies including AI. Ultimately, a European strategy based on non-discriminatory and reliable standards would reduce dependencies and promote competition based on merits.

Adhering to standards will enable the public sector to access a diverse and healthy provider-agnostic cloud environment, thereby accelerating the public sector's digital transformation.

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[3] Savanta, 'European cloud customers affected by restrictive licensing terms for existing on-premise software, new research finds', 7 February 2024, accessible at: https://info.savanta.com/l/1038663/2024-01-31/98tx5h/1038663/1706715090z4m1HiQG/Assessing_the_impact_of_software_licensing_practices.pdf

[4] RBB Economics, 'Competitive Dynamics of Generative AI', 12 June 2025, accessible at: https://www.datocms-assets.com/79198/1749664324-competitive-dynamics-of-generative-ai.pdf.

8. Leverage and simplify existing cybersecurity and data protection regulations

In recent years, the EU has adopted a broad range of new cybersecurity, data protection, and operational resilience requirements. The majority of these rules are still being implemented and will need to be assessed based on clear evidence.

Frameworks like the EU Data Act, which will be applicable in September 2025, introduce a range of unclear and potentially problematic measures on cloud switching and non-personal data, and partly overlaps with EU privacy rules.

Moreover, the General Data Protection Regulation (GDPR), the Digital Operational Resilience Act (DORA), the Network and Information Systems Directive (NIS2), the Critical Entities Resilience Directive (CER), and the Cyber Resilience Act (CRA) already require comprehensive risk assessments and mitigation measures. We also note the upcoming review of the Cybersecurity Act (CSA) and stress in this broader context that CAIDA should only address potential gaps based on strong evidence.

As strong supporters of the EU's ongoing simplification efforts, CCIA has put forward recommendations on how to simplify AI, privacy and cybersecurity rules.[5] CAIDA presents the opportunity to streamline and simplify rules instead of introducing more complexity.

CCIA Europe calls on the Commission to first assess compliance with existing rules and address potential gaps through enforcement, instead of introducing new, potentially duplicative rules in CAIDA.

III. Promoting sustainable infrastructure

Achieving Europe's digital and climate goals requires sustainable infrastructure; supported by a simplified, coherent regulatory framework that drives investment and rapid progress.

9. Prioritise the EU's Data Centre Rating Scheme for environmental accountability

The proposed EU-wide sustainability rating scheme for data centres under the Energy Efficiency Directive (EED) is a welcome instrument for driving transparency and environmental accountability. It has the potential to promote innovation, enhance productivity, decarbonise electricity supply, and reduce freshwater consumption.

We recommend using this scheme as the primary mechanism for assessing sustainability performance, avoiding the introduction of parallel or duplicative requirements that could create unnecessary complexity and hinder progress.

[5] CCIA Europe's Response to European Commission Public Consultation, 'Making the Apply AI Strategy work, 4 June 2025, accessible at: https://ccianet.org/library/ccia-europe-response-eu-commission-consultation-on-the-apply-ai-strategy/; CCIA Europe Response to Consultation on Cybersecurity Act, 23 June 2025, https://ccianet.org/library/ccia-europes-response-to-the-call-for-evidence-by-the-eu-commission-on-the-cybersecurity-act/; CCIA Europe, Navigating the intersection of GDPR and AI: The need for a practical roadmap, April 2025, accessible at: https://ccianet.org/library/ccia-europes-recommendations-on-gdpr-and-ai/

The introduction of minimum performance indicators under CAIDA risks being counterproductive, harming competitiveness and innovation. Such performance indicators are not designed to account for important variations in the climate, geographical conditions, resources, and environmental priorities of individual EU Member States and local authorities.

We urge the Commission to first assess rating schemes and their operational effects before introducing new rules and adding more complexity.

10. Accelerate investment and streamline permitting for clean and carbon-free energy

Data centre operators are among the leading buyers of renewable and carbon-free energy, investing significantly to secure a reliable supply of carbon-free energy for their operations. To further boost sustainable digital infrastructure, the Commission should encourage investments in affordable, reliable, and secure carbon-free energy technologies – such as geothermal, long-duration energy storage, and next-generation nuclear.

This can be achieved by updating the existing electricity market design as well as carbon emission prices. Streamlining and digitising permitting for strategic clean energy projects is also crucial. CCIA Europe further recommends removing barriers for Power Purchase Agreements (PPAs) and facilitating public and private sector partnerships going beyond investments in renewable energy.

11. Modernise electricity grids to support increased demand and renewables integration

An efficient carbon-free energy transition relies on strong and reliable grids. However, inadequate grid capacity in the EU, combined with outdated infrastructure and delays in establishing connections, now still risks slowing down economic growth and the integration of renewable energy.

The Commission itself acknowledges that with 40% of the EU's distribution grids more than 40 years old, and cross-border transmission due to double by 2030, €584 billion in investments are necessary.[6] A study from Eurelectric estimates that distribution grid investments alone should increase from an average €33 billion to €67 billion per year from 2025 to 2050.[7] Substantial investments will indeed be crucial to achieve the EU's ambition to better integrate renewables and account for increased electricity demand. These investments need to be proactive and account for growth projections.

CCIA Europe supports the full implementation of the EU's Grid Action Plan and recommends doubling down on efforts to improve permitting processes and long-term planning for rising electricity demand. The priority should be on well-developed, mature projects instead of speculative ones. We further encourage the Commission to strengthen

[6] European Commission, 'Commission sets out actions to accelerate the roll-out of electricity grids', 28 November 2023, accessible at: https://ec.europa.eu/commission/presscorner/detail/en/ip_23_6044.
[7] Eurelectric, 'Grids for Speedì, accessible at: https://powersummit2024.eurelectric.org/grids-for-speed/

partnerships between the public and private sectors and promote the adoption of grid-enhancing technologies.

12. Ensure consistency across sustainability initiatives

A clear and coherent regulatory framework is essential to ensure that data centres effectively contribute to the EU's sustainability goals.

To this end, the Commission is pursuing several initiatives, including the EU-wide sustainability rating scheme for data centres under the Energy Efficiency Directive (EED), the Cloud and AI Development Act on which we are providing feedback in this response, and the broader set of measures recently announced by the Commissioner for Energy and Housing, Dan Jørgensen.[8]

CCIA Europe supports the development of a favourable and predictable regulatory environment, one that avoids duplication and confusion for stakeholders, particularly across the complex data centre supply chain, including contractors and operators. In line with the Commission's renewed focus on regulatory simplification, we believe that a clear, streamlined framework that incentivises compliance and investment is essential to position data centres as enablers of the EU Green Deal.

Conclusion

Europe has a unique opportunity to lead in the global digital economy. By strategically addressing infrastructure challenges, fostering open and competitive markets, and embracing smart, coherent regulation, the EU can ensure its digital transformation is both rapid and sustainable.

CCIA Europe stands ready to support the EU institutions in achieving these shared objectives, creating an environment where innovation thrives, businesses flourish, and Europeans benefit from cutting-edge digital services and a resilient, green digital future.

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.

Visit ccianet.eu, x.com/CCIAeurope, or linkedin.com/showcase/cciaeurope to learn more.

[8] European Commission, 'New impetus for energy efficiency', 12 June 2025, accessible at: New impetus for energy efficiency - European Commission

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