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Position Paper

2025 July

Cloud & AI Development Act

Summary

The proposed Cloud & AI Development Act is a necessary and timely step towards strengthening Europe's digital competitiveness. Recent global developments highlight the pressing need for the EU to strengthen its technological sovereignty, especially in an area as critical to Europe's economic security as cloud and AI. A strong and resilient digital infrastructure across the EU is essential to strengthen digital sovereignty and ensure greater resilience to geopolitical risks. Reliable infrastructure is key to protecting critical services from external disruptions and maintaining long-term technological stability.
For Germany's economy, the initiative presents an important opportunity to establish sovereign, sustainable and innovation-friendly infrastructure for data-intensive applications. To fully unlock this potential, the Act must be implemented in a clear, practical and business-oriented manner.

Strengthening Cloud and AI Infrastructure

What German companies need

- **Legal clarity and operational certainty:** The scope of the Act must be clearly defined, with a precise definition of "sovereign cloud" serving as a foundational element. The discussion around sovereign cloud is central not only to data protection and security, but also to safeguarding Europe's digital competitiveness and innovation capacity. To ensure long-term resilience and strategic autonomy, it is important that the EU has access to trustworthy, high-performing European cloud offerings. This is not about restricting market access or limiting international cooperation. Rather, the goal should be to promote a competitive, innovative and open cloud ecosystem in which European cloud providers can compete with established cloud providers. To be sovereign does not mean to be autarkic, but rather to possess top-level capabilities in key technological fields and services, while also being able to choose autonomously and confidently among capable and trustworthy partners. Sovereignty should focus on freedom of choice and resilient, diversified supply

chains. Multi-cloud strategies, supported by interoperability, open standards and open source, help avoid vendor lock-in and increase resilience.

- **Strengthening location factors:** The expansion of cloud and AI infrastructure must not be hindered by outdated digital infrastructure, energy constraints or burdensome permitting procedures. We call for simplified, quicker and fully digitalized approval processes (including "one-stop shops"), improved access to grid-connected land, and sufficient availability of renewable electricity.
- **Investment incentives and viable business models:** Building European cloud and AI infrastructure must be economically feasible and attractive. Companies require stable public funding schemes, tax incentives, and fair procurement conditions. Alignment with targeted verticals, such as the health and mobility sector, can be helpful to the development of pre-defined cloud packages for specific use-cases.
- **Competitive and innovation-friendly public procurement:** To support European cloud adoption and the market, the public sector should be the anchor customer. Depending on the criticality of the use-case, providers should offer strong technical, legal and organizational safeguards that support data sovereignty (such as data localization) and operational autonomy in Europe. This creates trust and encourages both European and international companies to invest in secure, sustainable, and resilient digital infrastructure aligned with European public interest and values. Public sector procurement should remain open, competitive, and innovation-friendly – offering opportunities for providers of all sizes, including SMEs. At the same time, it can help strengthen the European cloud ecosystem by supporting a resilient provider landscape.
- **Interoperability, openness and diversity:** The EU should promote a competitive and federated cloud ecosystem. Open standards, interface compatibility and provider diversity are key, in full alignment with the principles of the Data Act.
- **Regulatory alignment and coherence:** It is essential that the Cloud & AI Development Act aligns consistently with existing acts, including the AI Act, and the Data Act. Overlapping or contradictory requirements must be avoided. A coherent and risk-based regulatory framework will support trust, reduce compliance burdens and promote cross-border uptake of trustworthy AI and cloud services.
    - **Technical portability and interoperability under the Data Act:** To ensure effective implementation of Article 35 of the Data Act, the development of standards for technical portability and interoperability must be transparent, inclusive, and based on continuous stakeholder input. The ongoing development of the methodological framework for the standards repository should be subject to public consultation and include continuous mechanisms for feedback and participation to reflect the complexity and broad relevance of data processing services.
- **Promote sustainable development:** The rapid growth of AI and cloud services is driving a steep rise in energy demand, creating an urgent need for sustainable infrastructure planning. The Cloud and AI Development Act should build on existing regulatory workstreams and refrain from introducing additional measures on the

Member State level.
In addition to the EED, it should include the planned measures under the Affordable Energy Action Plan.
Overall, the Act should prioritize energy-efficient infrastructure in permitting procedures, public procurement, and state aid frameworks. Finally, it should incentivize regional distribution of infrastructure to reduce energy concentration and support grid resilience.

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