The future of EU cloud policy

Cloud and AI Development Act &
Single EU-wide cloud policy for public administrations and public procurement

Inference workloads drive demand for decentralised computing capacity close to the data source

AI inference applications are increasingly moving to the edge, such as edge data centres and end-user devices, driving the need for data processing closer to the source.

Estimates	2023	2028
Total datacentre workload (worldwide)	54 GW	90 GW
AI Workload	4.3 GW	13.5-20 GW
AI workload (% total)	8%	15-20%
AI workload (training vs inference)	20% training 80% inference	**15 % training** **85% inference**
AI Workload (central vs edge)	95% central 5% edge	**50% central** **50% edge**

Source: Schneider Electric

Europe’s data centre capacity faces barriers and remains highly concentrated in geographical hubs

- Despite growth projections, data centre capacity expansion efforts **face considerable barriers** across EU Member States:

Long and unpredictable permitting processes

Difficulties with access to energy

Slow identification of sites, geographical imbalance

Complex and fragmented national, regional and local permit-granting procedures across Member States

Limited access to capital

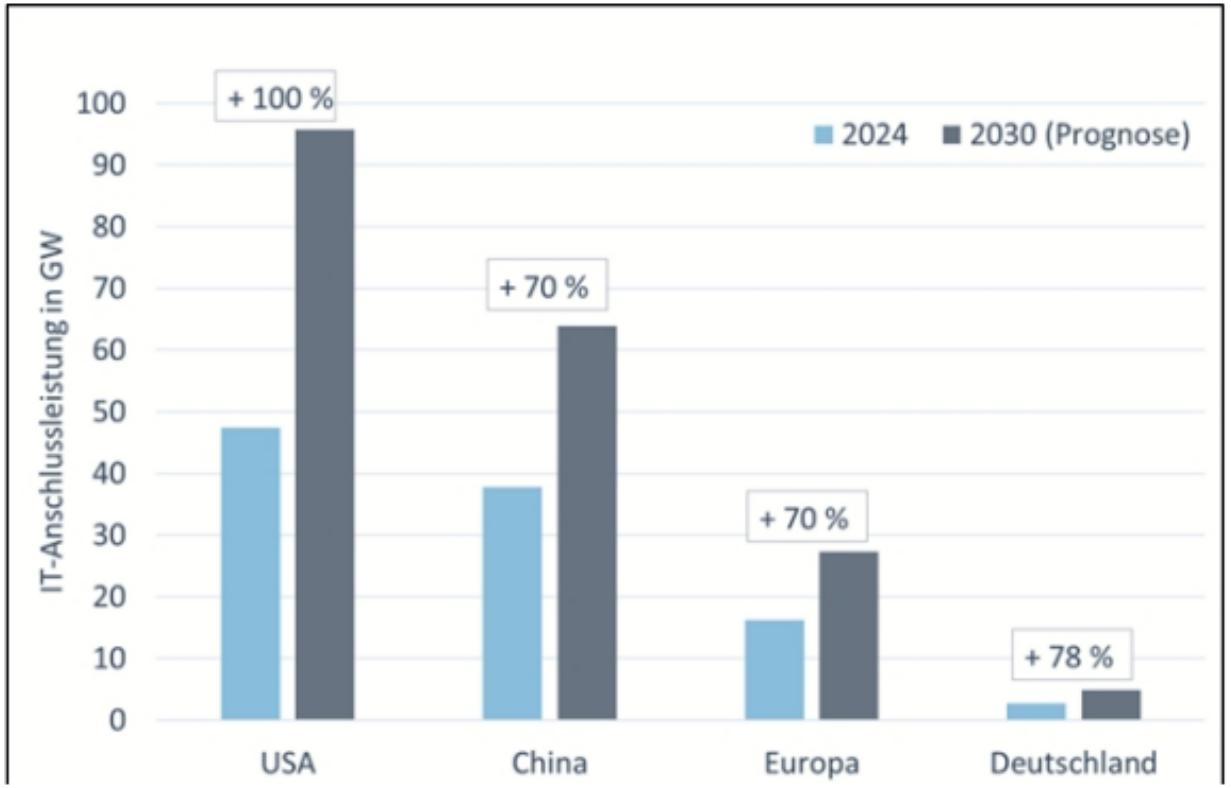
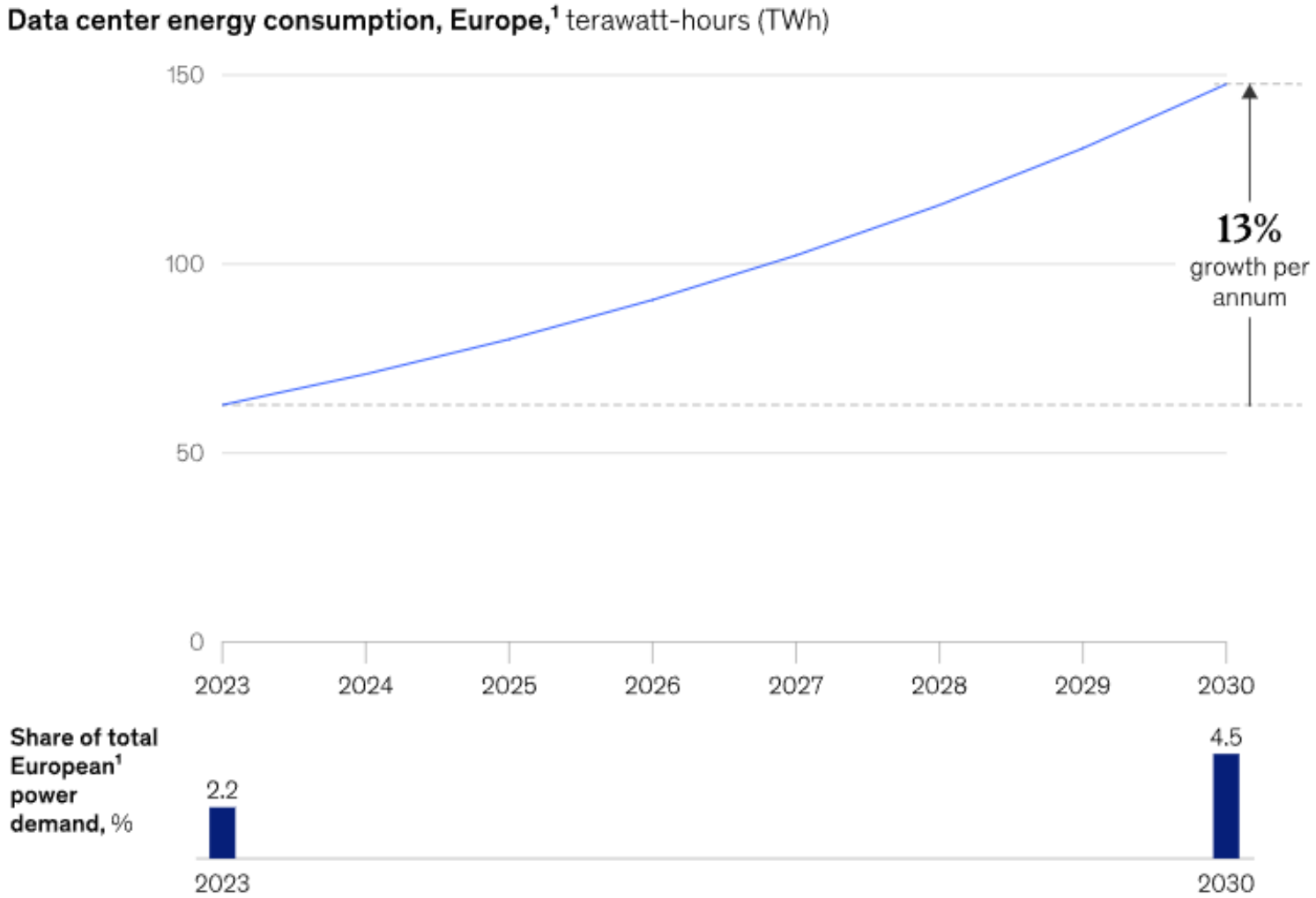


Figure 13: Estimate of the development of data center capacities in the USA, China, Europe and Germany in 2024 and 2030. source: Hintemann et al. (2024a)

European Commission

Data centres are resource-intensive infrastructures

- Data centers are critical consumers of natural resources such as **energy and water** and tend to be geographically concentrated, leading to concerns about **power availability** and **water resilience**.

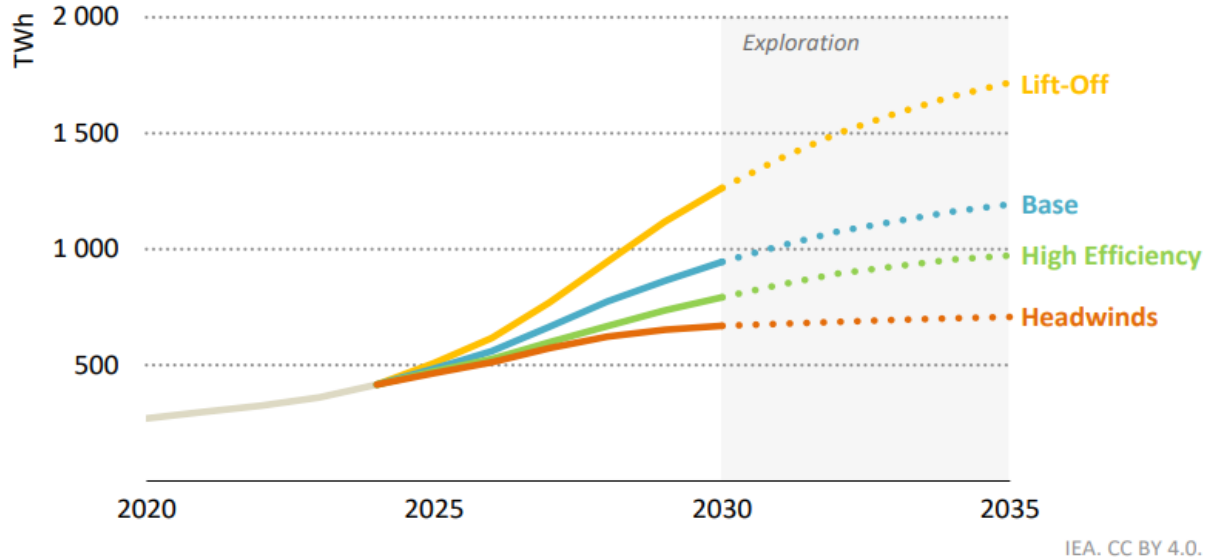


Need for R&D investment to unlock innovative technologies to enable the deployment of sustainable data centres

- **Increased investment in R&D for sustainable data center technologies** (e.g., energy-efficient cooling, renewable energy integration, low-water technologies) is critical.

- 2025 IEA report on 'Energy and AI' concludes that progress on energy efficiency in software, hardware, and infrastructure, could lead to a **15% reduction in global electricity demand from data centers by 2035** even if their demand is set to grow as expected.

Figure 2.14 ▷ Global data centre electricity consumption by sensitivity case, 2020-2035



The outlook for data centre electricity demand is highly uncertain, driven by factors including efficiency improvements, AI uptake and potential energy sector bottlenecks

Source: IEA (2025), Energy and AI, IEA, Paris https://www.iea.org/reports/energy-and-ai

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Highly critical use cases require highly secure EU-based cloud capacity

As digitalisation of public services remains a priority for EU Member States based on the **digital decade targets,** there is growing concern about **high-risk vulnerabilities** to the EU's economic security due to the strong and one-sided reliance on non-EU based cloud capacity, including in strategic sectors.

Main economic security vulnerabilities:

- **Technology risks** (lock-in, lack of EU innovation, lack of access to latest technologies)
- **Confidentiality risks** (unlawful data access and transfer based on 3rd-country laws)
- **Operational autonomy** as another key consideration

*"The EU must have the ambition to […] **regain and retain control over data and sensitive cloud services**."*

(Draghi Report on European Competitiveness, Part B, Section 1, Chapter 3, Page 82)

European Commission

Setting the course for the EU's global AI leadership

Adopted on 9 April, the **AI Continent Action Plan** is the EU's five-sector strategy to drive European AI innovation and autonomy.

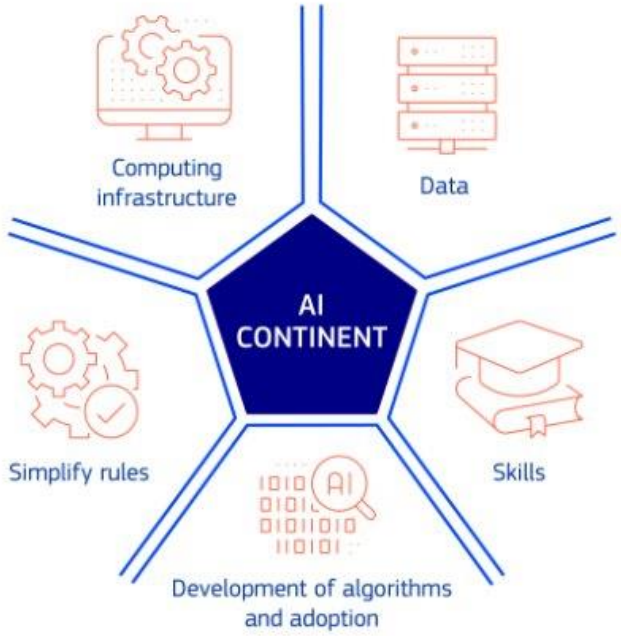
1. **Building a large-scale AI data and computing infrastructure**
   *AI Factories and Gigafactories; **Cloud and AI Development Act**;*

2. **Increasing access to large and high-quality data**
   Data Union Strategy; Data Labs; Common European Data Spaces;

3. **Developing algorithms and fostering AI adoption in strategic EU sectors**
   Apply AI Strategy, European Digital Innovation Hubs; GenAI4EU, Resource for AI Science in Europe;

4. **Strengthening AI skills and talents**
   AI Skills Academy; AI Literacy; Mobility of non-EU workers in the AI Sector;

5. **Regulatory simplification**
   AI Act Service Desk, ongoing *Stakeholder consultation.*



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Objectives of a policy response

Cloud and AI Development Act

Pillar I: Research & Development

- Make the EU a leader in the resource-efficient and sustainable data processing infrastructures, software, and services that enable the development and the adoption of AI

Pillar II: Deployment

- At least triple the EU‘s data processing capacity with highly sustainable data centres in the next 5 to 7 years and bring it to a level that meets EU needs by 2035

Pillar III: Autonomy

- Create the right conditions for highly secure EU-based cloud capacity to serve highly critical use cases
- Improve the diversity in available service offerings by fostering visibility of a larger pool of providers

Single EU-wide cloud policy for public administrations and public procurement

- Align Member States around a common framework supporting cloud uptake in the public sector through strategic public procurement and a consistent implementation of the Act

Single EU-wide cloud policy for public administrations and public procurement

Enhanced resilience and autonomy of European public sector in the cloud

Cloud strategy
Cloud-first, Multi-cloud, No gold-plating, cloud federation (EuroCloud)

Public procurement
Sovereign cloud procurement, adequate budgeting and procurement models

Risk management
Coordinated approach to cloud risk assessments

Open Source
Reuse and license policy, OS development towards an EU stack

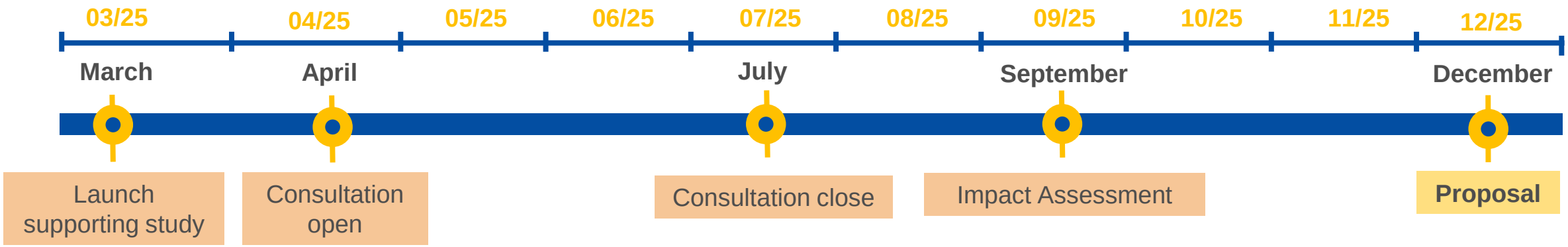
Skills
Closing the skill gap as a risk to MS' long-term cloud and AI uptake

Standardised tenders:
Standardised tender requirements, technical specifics and award criteria

Preliminary timeline

Envisaged Instruments - Q4 2025/Q1 2026:

- Cloud and AI Development Act (Regulation)
- Single EU-wide cloud policy for public administrations and public procurement



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Call to action

- **Public Consultation Questionnaire** and **Call for Evidence** from **9 April to 3 July 2025**
- Link: AI Continent – new cloud and AI development act
- Welcome contribution from a diverse array of stakeholders, including **government bodies**, **individuals**, **NGOs**, **academic institutions**, **environmental groups**, **financial entities**, **businesses**, **data center providers**, **cloud/telecom/edge service providers**, **AI providers and AI users**, and others.