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Commissioner for Trade and Economic Security
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Brussels, 25 May 2026

Subject: ESF comments on the Commission's upcoming proposal for a new Cloud & AI Development Act

Dear Executive Vice-President Virkkunen, Dear Commissioner Šefčovič,

We are writing to you regarding the European Commission's upcoming Cloud & AI Development Act (CAIDA), currently scheduled for publication on 3rd June 2026.

The European Services Forum (ESF) represents the interests of the European services sectors in international trade and investment activities and is committed to promoting the liberalisation of international trade and investment in services.

The sectors represented by ESF are both important providers and users of ICT services (e.g., telecoms, computer services, audiovisual, banking, insurance, business and management consulting). The services provided by our members are mainly delivered through digital means, and over 60% of Europe's services exports are currently supplied digitally¹. With this in mind, we wish to share our views on how CAIDA can best serve Europe's economic interests, strengthen the EU's digital ecosystem, and advance the Commission's international trade agenda while enabling investment and innovation and avoiding unnecessary regulatory duplication across the EU digital rulebook.

By way of introduction, we would like to highlight a few key figures. For several decades, the EU has been the world's largest exporter of digitally delivered services, with exports reaching \$2.1 trillion in 2025 — far exceeding exports from the United States (\$815 billion), the United Kingdom (\$552 billion) and China (\$245 billion)². In computer-related services alone, the EU generated a trade surplus of \$345 billion in 2025³. The EU is also both the world's largest investor and biggest recipient of foreign direct investment, with 77.7% of total outward FDI and 81% of total inward FDI originating from or targeting the services sectors⁴.

¹ See UNCTAD data [here](#).

² See WTO data [here](#).

³ *Ibid.*

⁴ See Eurostat data [here](#).

These figures demonstrate that the EU's services sectors — and its ICT industries in particular — are global leaders, not laggards. European ICT providers are among the most competitive in the world, and their success depends on open markets both at home and abroad. Policies that create market access restrictions or barriers to cross-border trade are therefore a risk to Europe's services sectors, which are major drivers of competitiveness, innovation and employment.

ESF has consistently supported the EU's efforts to build a more resilient and secure digital ecosystem. Since 2022, we have supported the adoption of the EU Cybersecurity Certification Scheme for Cloud Services (EUCCS) as a technical framework to strengthen and harmonise cloud security requirements in the EU⁵. Similarly, in 2025 we led an industry coalition to support the Commission's efforts to build a more effective framework for screening foreign investments in Europe's critical technology sectors⁶. In both cases, our position has been clear: the EU can and should pursue security and resilience objectives through targeted, proportionate and technically grounded measures, but should avoid introducing overly broad restrictions that shut off market access purely on the basis of company ownership, nationality or jurisdiction of operation — particularly in cases where EU exporters enjoy reciprocal market access.

As a representative of many sectors that have become global export success stories, ESF has strongly supported the EU's ambitious trade policy agenda — particularly in the field of digital trade, which, as outlined above, is central to our members' activities. Over the past decade, the Commission has developed one of the world's most effective digital trade agendas, negotiating high-standard digital trade chapters in multiple Free Trade Agreements (FTAs), concluding Digital Trade Agreements with Japan, Singapore and Korea, and playing a leading role in the WTO E-Commerce Agreement. More broadly, the EU's recent FTAs (e.g., with India and Indonesia) have included unprecedented commitments to lift restrictions on Europe's services sectors. In sum, the EU's trade agenda has been remarkably successful at unlocking business opportunities for ESF members abroad — particularly those seeking to provide their services by digital means.

As the Commission finalises its work on CAIDA, we urge you to take into account the interests of Europe's services exporters, which have established themselves as global leaders — including in ICT — and rely on open digital trade. If, as suggested by some policymakers, CAIDA introduces market access restrictions for ICT service providers, it risks undermining the EU's ambitious trade agenda and weakening the Commission's position as a champion of digital trade. The EU cannot credibly ask trading partners to refrain from adopting measures that restrict market access for European exporters (e.g., data localisation requirements, restrictions on cross-border data flows, local content requirements) if it adopts similar measures domestically.

ESF supports CAIDA's goal of ensuring highly secure and resilient digital infrastructure for critical use cases. We believe these goals are best achieved through robust technical and organisational controls, rather than restrictions based purely on ownership structure, headquarter location or jurisdiction of operation.

To achieve CAIDA's objectives, the EU should also prioritise removing key investment bottlenecks for sustainable data centres and cloud capacity, notably access to power supply and grid capacity, simplified and faster permitting procedures, skills and talent availability, and high energy costs.

⁵ See example [here](#).

⁶ See [here](#).

We also stress that CAIDA should be matched with an appropriately high level of ambition for Europe's computing and data centre capacity to safeguard competitiveness in AI development and deployment.

We therefore call on the Commission to ensure that CAIDA:

- **Remains consistent with the EU's international trade commitments:** CAIDA must comply with the EU's WTO obligations, including national treatment and MFN commitments under GATS, as well as commitments undertaken in the Government Procurement Agreement, which have been reaffirmed in ECJ jurisprudence⁷. In addition, it must also comply with any bilateral trade agreements the EU has negotiated (e.g., FTAs and digital trade agreements).
- **Aligns with the Commission's digital simplification agenda (avoid duplication):** CAIDA should be enabling and investment-oriented. It should avoid introducing new compliance or reporting obligations that in practice duplicate or conflict with existing requirements under the AI Act and the Data Act (and related cyber rules) and should support coherence across the EU digital rulebook.
- **Focuses on technical criteria:** Any requirements for ICT service providers should be grounded in non-discriminatory and verifiable security standards, operational transparency, encryption protections, access controls and resilience measures.
- **Avoids market access restrictions:** Requirements based purely on company ownership, headquarter location or jurisdiction of operation set a dangerous precedent for Europe's services exporters, which benefit greatly from access to export markets.
- **Keeps any 'sovereign cloud' approach strictly targeted:** The need for highly secure EU-based cloud capacity may be justified for a narrow set of highly critical use cases (e.g., defence and national security). Any such measures must be limited, proportionate and risk-based, and must not spill over into broad procurement preferences or mandatory cloud choices for the wider public sector or for businesses, including SMEs.
- **Supports market-driven development:** CAIDA should enable investment—not dictate technology choices or business models—and should avoid mandatory cloud choices that distort competition.
- **Truly supports European companies:** In a heavily interdependent market, European companies need and asked for regulatory simplification and standardization, and not fewer market players.
- **Leverages the EU's existing regulatory framework:** The EU has a robust framework for cybersecurity, resilience, and data protection — including through the GDPR, NIS2, DORA, the Cyber Resilience Act, the Data Act and the Cybersecurity Act. CAIDA should build on these instruments rather than creating duplicative or conflicting requirements.
- **Promotes open and non-discriminatory procurement practices:** In public procurement, CAIDA should support non-discriminatory, standardised criteria for cloud procurement and avoid

⁷ See, for example, case [C-652/22](#).

measures that fuel protectionism or reduce competition, except for narrowly defined critical use cases.

- **Is subject to a thorough impact assessment:** Before introducing any new requirements, the Commission should conduct a comprehensive legal and economic impact assessment, including an analysis of potential implications for European services exporters and the EU's trade goals. This assessment should explicitly evaluate (i) compatibility with WTO/GATS and GPA commitments, (ii) likely effects on EU services exporters and risks of reciprocal restrictions by trading partners, and (iii) cumulative burdens vis-à-vis existing EU digital legislation.

In sum, ESF strongly supports the EU's ambition to build a stronger digital ecosystem and ensure the security and resilience of critical infrastructure. We believe these objectives can and must be pursued in a manner that is consistent with the EU's trade commitments and grounded in robust and non-discriminatory technical criteria rather than market access restrictions.

We encourage the Commission to ensure that CAIDA reflects the EU's role as the world's largest exporter of digitally delivered services, protects the interests of European services exporters, and maintains the open, rules-based economy that has been the foundation of Europe's competitiveness.

We also encourage the Commission to ensure that CAIDA supports investment in sustainable digital infrastructure by working with Member States to remove practical barriers and bottlenecks—particularly around permitting and grid/energy availability—to data centre and cloud capacity in Europe.

We are grateful for your attention and for taking these comments into consideration. ESF and its members remain at your disposal for any further clarification on this matter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Annette Meijer', with a stylized flourish at the end.

Annette Meijer
ESF Chair

List of members supporting the above position

- Amadeus
- Amazon
- Amfori
- Apple
- Architects' Council of Europe –ACE
- BDO
- Bureau International des Producteurs et Intermédiaires d'Assurances – BIPAR
- BUSINESSEUROPE
- BUSINESSEUROPE WTO Working Group
- BSA The Software Alliance – BSA
- CISCO
- Danish Shipping
- DHL Group
- EK - Confederation of Finnish Industries
- EuroCommerce
- European Express Association – EEA
- Fédération de l'Industrie Européenne de la Construction – FIEC
- FratiniVergano European Lawyers
- General Council of the Bar of England & Wales
- Google
- IBM Europe, Middle East & Africa
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Insurance Europe
- Irish Business and Employers' Confederation – IBEC
- Le Groupe La Poste
- Microsoft Corporation Europe
- PostEurop
- Svenskt Näringsliv (Confederation of Swedish Enterprise)
- TechUK
- TheCityUK
- UPS