ministry of digital affairs

Danish Government Response to the European Commission's Call for Evidence on the Cloud and AI Development Act (CADA)

Executive Summary

Denmark supports the ambition to strengthen Europe's capacities within cloud and data processing. This is key to the EU's long-term competitiveness, resilience, and open strategic autonomy. However, expanding capacity alone is not sufficient. To be effective, CADA must help close implementation gaps, address market failures, and foster demand and uptake - especially among public-sector actors.

Rather than introducing new regulation, Denmark encourages the Commission to focus on making existing instruments work better. Many of CADA's objectives can be achieved through improved implementation, smarter enforcement and targeted use of non-regulatory tools such as guidance, templates, and voluntary frameworks.

CADA should promote a simple, pragmatic and demand-driven framework - one that builds on what is already in place, strengthens interoperability and sustainability, and empowers public institutions to act as informed, strategic users. It should support open strategic sovereignty without protectionism, foster transparency through standards and open source, and respect Member States' competences and planning prerogatives.

On this basis, Denmark recommends that CADA pursues the following eight objectives:

1. Prioritise practical implementation, enforcement and smarter use of existing instruments

Many of the tools to tackle issues, which CADA seeks to address - such as access to secure and trustworthy cloud and data processing services and a competitive market - already exist in instruments, such as the Data Act, NIS2, the Interoperable Europe Act, DMA, AI Act and GDPR.

The main challenge is not a lack of rules, but fragmented implementation, inconsistent enforcement and lack of coordination. CADA should therefore prioritise:

- Clarifying legal overlaps,
- Coordinating and streamlining enforcement by using existing governing structures,
- Developing practical guidance and templates,
- Enabling knowledge sharing across Member States.

In many cases, soft law - such as model clauses, reference frameworks and technical guidelines - can be more effective than new regulation. This is especially true in fast-moving areas such as cloud, data and compute. CADA should avoid regulatory overreach and reaffirm the

importance of subsidiarity, particularly in areas such as planning and permitting, where Member States, regions and municipalities are best placed to act.

To mitigate the risk of creating unnecessary bureaucracy, the Commission should prioritize the use of relevant governing structures under existing legislation, such as the European Data Innovation Board (EDIB), the AI-Board, and the Digital Decade Board. This is essential to ensure an effective implementation and coordination between Member States and the private sector.

2. Address structural market barriers and build user-side capacity

Denmark has already implemented many of the measures frequently highlighted as solutions and preconditions for increased European cloud development; including suitable zoning, streamlined permitting procedures and strong availability of renewable energy. However, while these efforts have successfully attracted investments in the construction of data centres in Denmark, they have not translated into a more competitive or diverse cloud market. The Danish domestic cloud landscape remains dominated by a small number of non-EU hyperscalers.

This reflects a broader structural issue: expanding or scaling physical infrastructure is necessary, but not sufficient. Without addressing the underlying market barriers - such as vendor lock-in, bundling of services, and a lack of contractual and technical transparency - competition and resilience in the European cloud ecosystem will remain limited, which in turn stands in the way of achieving the goals of stronger EU capacities in cloud.

We therefore recommend that CADA seeks to address these issues via measures that promote:

- Interoperability and portability,
- Modular and unbundled services,
- Data and application portability,
- Legal and technical capacity and knowledge among cloud users,
- Reduced administrative burden for those procuring compliant services.

These steps are crucial to ensure that public and private investments can strengthen the position of European providers and foster a more open, competitive and diverse cloud ecosystem.

3. Take a demand-driven, pragmatic approach to infrastructure expansion

Infrastructure expansion must be driven by documented and differentiated needs - not political narratives or assumptions of scarcity. Demand should be disaggregated by use case and sensitivity: foundation model training, inference workloads, and fine-tuning each place different demands on compute infrastructure.

Before launching large-scale initiatives, such as TEFs or IPCEIs, we recommend the Commission ensure that investments deliver real value. The Commission should conduct regular assessments to identify where capacity is most needed and how it can best support demand and strategic objectives. This could include:

- mapping of current and projected demand,
- differentiation between sectors and data sensitivity,
- and consider factors such as latency, connectivity and sustainability constraints.

Denmark advocates for a pragmatic, stepwise model of infrastructure expansion that prioritises scaling and expanding access to existing infrastructure where possible. Infrastructure already meeting high standards for security, sustainability, and compliance with EU legal frameworks, such as GDPR and NIS2, should be considered a natural first choice.

This approach enables quicker results, lower investment risk, and better integration with operational needs. Central to this is avoiding over engineered, capital-intensive projects that risk becoming technologically obsolete before deployment. Instead, a "frugal innovation" model, where infrastructure evolves iteratively in response to actual user demand, is better suited to Europe's diversity and pace of technological change.

Such a model should promote inclusion of smaller providers and more agile solutions, while also improving long-term cost efficiency and strategic adaptability. Investment should not only cover physical hardware but also ensure the necessary operational capabilities - including skilled personnel, energy and thermal management, data governance, and security operations - are in place to operate and scale the infrastructure responsibly.

4. Support a functional, risk-based approach to digital sovereignty

CADA should support a clear and operational understanding of digital sovereignty. Sovereignty must be based on actual needs and risks - particularly in handling sensitive public sector data or critical infrastructure. Full technological autonomy for all use cases and across the full stack is neither realistic nor desirable.

Denmark recommends that sovereignty be understood as the ability to make independent choices, and be anchored in clear, operational and measurable criteria:

- Legal and operational control within European jurisdiction,
- Compliance with Data Act, GDPR and NIS2,
- Ability to switch providers and maintain operations,
- Absence of undue influence from non-EU legislation or ownership,

Rather than mandating EU-only solutions, CADA should support risk-based approaches that combine trust, flexibility and resilience. Trusted access to non-EU technology should remain possible when justified and well-managed.

The public sector plays a key role in driving demand. CADA should support the development of optional model requirements for procurement, to make it easier for institutions to express preferences for sovereign solutions - without creating new legal uncertainty or disproportionate obligations or fragmentation in the internal market.

5. Leverage public procurement as a strategic enabler

Public procurement is one of the strongest tools to shape market outcomes. Yet many public buyers, especially smaller public entities, lack the legal clarity, knowledge and capacity to operationalise broader policy goals such as sovereignty or sustainability.

We would therefore recommend, that the CADA supports public buyers through:

- Development of voluntary model clauses and templates,
- Clear guidance on proportionality and legal compatibility,
- Education and guidance on development and use of multi-cloud solutions,
- Optional frameworks for use in critical or sensitive domains.

Public buyers must retain discretion, but they should be empowered to use it. Preferences for European and/or sovereign solutions should be enabled, not mandated, and always aligned with competition law and the principles of equal treatment and transparency.

6. Promote openness through open source and open standards

To strengthen interoperability, reduce dependency, and ensure long-term digital resilience, CADA should promote the use of open standards and open source software - particularly in public infrastructure, AI development, and cross-border services.

Open technologies enhance user control, reduce vendor lock-in, and make it easier to implement legal, security, and sovereignty requirements. They also support transparency and auditability, which are essential in high-risk or mission-critical applications.

Denmark supports the principle that public investments in digital solutions should, where feasible, promote openness and reuse. This requires not only procurement alignment, but also sustained coordination, governance and technical capacity.

We propose that CADA therefore:

- Recommends the use of open standards for data formats, APIs and service interfaces to facilitate interoperability and data mobility,
- Encourages the adoption of open source components where transparency, trust and long-term adaptability are essential,
- Supports efforts to promote the use of open source and open standards in in public institutions – including coordination, development, usage, contributions and compliance efforts,
- Provides voluntary guidance and technical frameworks to help public buyers integrate openness into procurement strategies,
- Explore targeted EU-level support for the maintenance and development of critical OSS infrastructure, particularly components underpinning cloud and AI systems,
- Consider the general principle of "Public Money – Public Code" as a guiding value in EU digital programmes and EU digital grants, however not necessarily in tenders and procurements or in the development of critical public IT systems.

A common EU policy on open source that goes beyond the Interoperable Europe Act should be considered, which inter alia address legal and contractual barriers – including liability concerns, which remain a key barrier. Possible approaches could include model clauses for public procurement, clarification of liability scopes and mechanisms for shared risk or assurance in the use of critical OSS components.

7. Align infrastructure investments with climate goals, efficiency and real operational needs
Cloud and compute infrastructure can place significant strain on energy and water resources. CADA should promote the use of clear environmental criteria in the planning and support of cloud infrastructure, in line with EU climate goals and Green Public Procurement frameworks.

These should include:

- Energy efficiency benchmarks (e.g. PUE, CUE, WUE) building upon the EED data,
- Renewable energy sourcing and traceability,
- Transparency on water usage and cooling,
- Circularity of hardware components,
- Integration with local energy and heating systems.

Geographical distribution should not come at the expense of environmental performance. Location decisions must reflect demand as well as overall climate impact. For example, regions with abundant renewable energy and natural cooling offer particular advantages that should be utilised. Cloud and compute infrastructure must be designed for efficiency, and location decisions should leverage existing synergies between energy availability, climate conditions and infrastructure.

Broad geographical dispersion is only relevant for workloads with strict latency requirements. For most applications, centralised or regionally clustered capacity provides better efficiency, scalability and sustainability. A climate-smart and strategically placed infrastructure footprint is not only better for the environment – it also enhances long-term competitiveness, provided that initiatives focus on real operational needs rather than symbolic distribution goals.

8. Respect subsidiarity and Member State competences

CADA must fully respect national competences, especially in spatial planning, land use and permitting, which are constitutionally anchored and politically sensitive in many Member States.

Top-down mechanisms, such as automatic approvals or EU-level deadlines, risk undermining legitimacy and may prove counterproductive. Instead, alignment should be supported through:

- Voluntary coordination and best practice exchange,
- Voluntary European targets for maximum processing times,
- Targeted funding for administrative capacity and training,
- Optional technical guidance tailored to national systems.

Subsidiarity is not a barrier to progress but a condition for effective and legitimate digital policy.

Conclusion

Denmark welcomes the Commission's initiative and supports the overall goals of the Cloud and AI Development Act. In summary, we urge the Commission to ensure that CADA:

- Builds on and streamlines existing frameworks,
- Focuses on enforcement, implementation and practical guidance,
- Addresses market barriers and fosters user-demand,
- Supports a strategic and open approach to digital sovereignty,
- Leverages public procurement as a strategic enabler
- Promotes interoperability, transparency and trust through open source and standards,
- Aligns infrastructure planning with climate goals, efficiency and operational needs,
- Respects principles of subsidiarity and Member State competences.

A successful CADA must combine ambition with pragmatism and support Europe's ability to build an open, trusted and competitive digital future.

We appreciate the opportunity to contribute to this consultation and look forward to continued engagement and collaboration on this file.