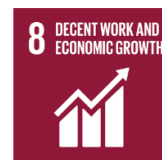




**Chambers
Ireland**
Advancing business together



Submission on the European Commission proposal for a Cloud and AI Development Act (CADA)

September 2026

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About Chambers Ireland

Chambers Ireland is an all-island business organisation with a unique geographical reach. Our members are the Chambers of Commerce in the cities and towns throughout the country – active in every constituency. Each of our member Chambers is central to their local business community and all seek to promote thriving local economies that can support sustainable cities and communities.

Our Perspective

The proposed Cloud and AI Development Act (CADA) represents a significant step towards creating a more integrated European ecosystem for cloud computing and artificial intelligence.

Many of the measures within the proposal are well-founded and seek to reduce fragmentation across the Single Market, which is a core area of focus in both the Draghi and Letta reports¹. This represents a step that will further advance the EU's digital competitiveness amidst an increasingly uncertain geopolitical and economic environment.

The Commission proposal seeks to strengthen the EU cloud and AI ecosystem through three connected strands:

1. support for research, innovation and adoption;
2. more favourable conditions for sustainable computing capacity; and
3. a common framework for cloud sovereignty and public procurement.

If delivered, then it would establish Cloud and AI Leadership Initiatives, Experience and Acceleration Centres for AI, national cloud and AI strategies, harmonised assurance levels for cloud services, joint public procurement arrangements and measures to promote open and interoperable solutions.

For Ireland, its success will be measured by the extent to which it enables businesses of all sizes to access and deploy cloud and AI technologies while maintaining a proportionate and predictable regulatory environment.

Ensuring the infrastructure is available will be core to the success of the proposal. The benefits of a harmonised framework will only be fully realised if implementation remains proportionate, predictable and free from unnecessary gold-plated requirements.

¹ https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en; and
<https://www.consilium.europa.eu/en/policies/single-market/letta-report-much-more-than-a-market/>

Questions

What do you consider to be the principal opportunities and challenges arising from the proposed Cloud and AI Development Act (CADA) for Ireland?

Opportunities

Accelerating AI adoption and productivity

CADA could help Ireland convert relatively strong cloud adoption into broader and more productive use of AI. In 2025, 73% of Irish businesses purchased cloud computing services, the fourth-highest proportion in the EU, but only 20.2% used AI. Adoption also varied significantly by firm size, from 17.2% among small businesses to 57.7% among large businesses. This indicates that access to cloud services alone is not sufficient and that smaller firms require practical assistance, expertise, testing facilities and support with implementation.²

The proposed Experience and Acceleration Centres for AI, built on the European Digital Innovation Hub network, could provide an effective route to such support if they offer accessible testing, skills, advisory and deployment services. In this context it is useful to note an OECD's survey³ of more than 5,000 SMEs across seven countries, including Ireland, which found that SMEs using generative AI reported improvements in performance and an ability to compensate for skills gaps and labour shortages. Critically, it also identified a continuing need for structured policy support to ensure that these gains are broadly shared.

Opening new markets

Delivering the Single Market is a core focus of ours and a single EU assurance and recognition framework is consistent with this principle. If delivered, then this could reduce the cost of entering public procurement markets in several Member States. Under the proposal, a cloud

² <https://www.cso.ie/en/releasesandpublications/ep/p-biistit/businessinireland2025-sustainabilitythroughinnovationandtechnology/digitalsustainabilityandartificialintelligenceadoption/> and <https://digital-strategy.ec.europa.eu/en/node/16911/printable/pdf>

³ https://www.oecd.org/en/publications/generative-ai-and-the-sme-workforce_2d08b99d-en.html

service recognised at a particular assurance level in one Member State would be recognised across the Union. Level 1 would be based on self-assessment, with automatic recognition for SME cloud providers, while higher assurance levels would require independent audit. This has the potential to replace fragmented national requirements with a more predictable route to a European market. The objective that at least 25% of relevant public procurement be awarded to innovative SMEs has the potential to also create opportunities for cloud, cybersecurity, software and AI firms based in Ireland. Preliminary market consultation, division of contracts into lots and matchmaking between public buyers and innovative providers would be particularly valuable.

Strengthening innovation and investment

Cloud and AI leadership initiatives have the potential to provide for access to computing resources for designated projects and for collaboration through joint undertakings and cross-border initiatives. This is important in terms of connecting businesses here with counterparts in the Single Market. In addition, this may improve the scaling potential of indigenous firms by helping diffuse the availability of advanced technologies among less digitally mature SMEs who may not have access to these technologies due to their comparatively limited financial resources.

Furthermore, greater consistency would improve investment certainty and make it easier for businesses to develop services for the full Single Market rather than navigating separate national systems. Overall, harmonising administrative processes helps improve the business case for service providers considering the EU as an operations base and is conducive towards attracting investment that - in a fragmented market - would go elsewhere.

Improving competition

At a high level, the domestic digital economy has benefited from openness, investment and participation in global technology markets. CADA is therefore most likely to succeed if sovereignty requirements are proportionate to the sensitivity of the use case, while providers from partner countries remain eligible where they satisfy the relevant safeguards. This would support resilience without unnecessarily reducing competition.

Notably, the Commission estimates that three non-EU hyperscalers account for approximately 70% of the European cloud market, while the collective market share of European providers fell

from 29% in 2017 to 15% in 2022 and has since remained broadly unchanged.⁴ A common assurance framework, greater interoperability, multi-cloud approaches and a public register of recognised services could improve transparency and provide customers with more credible alternatives.

Challenges

Limited infrastructure at domestic level

Efficient deployment cannot be treated separately from grid capacity and energy affordability. The associated infrastructural gaps are particularly material for the State and represent a core deficiency in policy over the past two decades. This should be addressed at the national level through multiannual funding and coordinated planning; we have produced detailed recommendations⁵ on what reforms are required to ensure that adequate infrastructure is available to underpin our competitiveness.

Cumulative regulation and implementation complexity

While we welcome the attempt to harmonise⁶, CADA would operate alongside the AI Act, Data Act, Digital Markets Act, GDPR, NIS2, DORA, the Cybersecurity Act and EU public procurement legislation. Although the proposal explains how these instruments are intended to complement one another, businesses will experience them as a cumulative compliance framework. Differences in evidence requirements, supervisory responsibilities or reporting processes will create duplication even where no formal legal conflict exists. This is one of the core shortcomings in regulation arising from EU law and is not consistent with the commitment to reduce the

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52026PC0502> paragraph 1 of the explanatory memorandum.

⁵ See further: <https://chambers.ie/wp-content/uploads/2025/09/Price-Review-6-Submission-by-Chambers-Ireland-September-2025.pdf>

⁶ See further our thoughts under ‘Strengthening innovation and investment’.

regulatory burden by 25% for businesses and 35% for SMEs.⁷ Implementation should be carefully considered at the domestic level and it is essential that gold-plating of requirements for businesses is avoided for progress to be made in this regard.

Compliance, audit and migration costs

Providers seeking recognition at assurance levels 2, 3 or 4 would be required to fund independent audits, supply extensive evidence and undergo annual review. Public authorities would be required to conduct sovereignty risk assessments every two years, while a change in the required assurance level could result in the migration of workloads within a transition period not exceeding 12 months. These requirements may be justified for genuinely sensitive activities however they involve significant technical, contractual and operational work.

The Commission's impact assessment provides inexact estimates between €233 million and €484 million for cloud and AI service providers under the preferred sovereignty option.⁸ The lack of precision demonstrates the need for consideration of the financial cost of compliance to the private sector and the potential that such costs may fluctuate to such a degree that they become unfeasible. To mitigate these costs, careful sequencing, reusable evidence, recognised standards and realistic transition periods for businesses.

Digital skills

While the State continues to perform strongly in basic digital skills, growth in ICT specialists remains slow and shortages in advanced digital skills continue to constrain the adoption of technologies. A common EU cloud and AI curriculum and strengthened Centres for AI are therefore welcome but they must be properly resourced and aligned with existing training provision and sector-specific needs.

⁷ https://commission.europa.eu/topics/competitiveness/simplification_en

⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52026PC0502>

Funding uncertainty

The proposal provides for support through Union programmes however much of the future financing will depend on the 2028–2034 Multiannual Financial Framework and subsequent programme decisions. The legislation should therefore provide sufficient clarity on funding and transition periods before substantive obligations apply.

How might the proposal affect the competitiveness, growth and innovation capacity of enterprises operating in Ireland?

If handled carefully, the proposal could create an integrated European market by improving access to innovation for businesses and it will allow them to further realise the benefits and opportunities across the Single Market. As a caveat, it will be important that any compliance requirements are not unduly onerous.

Some of the key measures we have identified include:

- Cloud and AI Leadership Initiatives and Experience and Acceleration Centres for AI, which would support AI deployment, testing, skills development and access to computing resources.
- A common EU cloud assurance framework, under which recognised cloud services would be accepted across Member States. There is significant potential for the framework to reduce market fragmentation and ultimately this will aid indigenous businesses to scale.
- Measures promoting open and interoperable cloud solutions, which would help businesses avoid vendor lock-in and increase choice.
- Joint procurement and innovation procurement mechanisms, which could create new commercial opportunities for innovative providers.

What impact, if any, would the proposal have on SMEs, start-ups and scale-ups in Ireland, including their ability to access cloud, AI and compute resources?

The proposal would have a tangible impact on SMEs, start-ups and scale-ups by introducing new mechanisms to improve access to AI expertise, cloud services, computing infrastructure and public procurement opportunities. The most significant changes could help address some of the practical barriers that smaller firms face when adopting AI and scaling digital products. However, the benefits will depend on proportionate implementation. In particular, compliance, audit and certification requirements should not create barriers that favour larger providers with greater financial and administrative resources.

We have summarised our position on the most relevant changes in the table below:

Article	Our position
Article 5 – Experience and Acceleration Centres for AI	Requires the establishment of national AI support centres. This would provide businesses with access to technical expertise, testing environments, skills development, cloud and AI providers, and commercialisation support that would otherwise be difficult or costly to obtain.
Article 7 – National Cloud and AI Strategies	Requires Member States to include measures supporting SME AI adoption, access to data, cloud services and computing infrastructure. This could help ensure that domestic policy and funding mechanisms are better aligned with the needs of smaller businesses adopting AI.
Articles 8 & 9 – Cloud and AI Leadership	Creates mechanisms for supporting strategic AI projects and facilitating access to computing resources. This could improve

Article	Our position
Initiatives and Access to Compute	opportunities for domestic businesses participating in collaborative European AI projects, although access is not guaranteed for all SMEs and will depend on implementation and allocation criteria.
Article 17 – Level 1 Cloud Assurance Recognition	Introduces a self-assessment route and EU-wide recognition of Level 1 cloud assurance. This will reduce barriers for smaller cloud providers seeking to operate across multiple Member States and participate in other public procurement markets.
Article 30 – Public Procurement Requirements	Makes recognised assurance status a condition for participation in certain public-sector cloud procurements. This could increase opportunities for providers with greater margins and who have the financial capacity to meet the requirements. However it will create additional compliance costs for smaller firms and put them at a competitive disadvantage.
Article 33 – Procurement of Innovative Cloud and AI Solutions	Establishes that at least 25% of relevant procurement expenditure should be awarded to innovative SMEs and introduces measures such as contract lotting, market engagement and supplier matchmaking. This is one of the most significant provisions as it could greatly broaden access to public-sector customers.

Will the proposed measures support greater development and adoption of cloud, AI, and related technologies in Ireland?

If the compliance burden is proportionate then the measures will be effective. We are concerned that the introduction of additional national requirements during implementation could increase compliance costs and undermine the benefits of a harmonised European framework. This would

wholly undermine the European Commission's objective of reducing fragmentation in the Digital Single Market and facilitating cross-border deployment of cloud and AI services.

Do you agree with the proposal's objective of increasing European cloud, computer and data-centre capacity?

The increasing digitalisation of the economy and growing use of AI means that demand for computing capacity will continue to expand. If the EU does not create the conditions for this capacity to be developed within the Single Market, businesses will become increasingly dependent on infrastructure and services located elsewhere.

This is important in terms of strategic autonomy. The collective market share of European providers fell from 29% in 2017 to 15% in 2022 and has since remained broadly unchanged, all while other jurisdictions are actively facilitating investment in domestic capacity. For example, the United States has introduced measures to accelerate permitting for large AI data centres and the supporting energy infrastructure, including transmission lines and substations⁹. The EU must take a similarly strategic approach if it is to remain competitive and reduce its exposure to geopolitical disruption, supply-chain risks and strategic dependencies. This must be done with careful consideration of the impacts on security of supply and any consequent impact on energy costs.

What factors should be considered when balancing increased cloud and data-centre capacity with energy, environmental and infrastructure objectives?

Any increase in cloud and data-centre capacity must be planned alongside investment in the electricity grid, renewable generation, storage and interconnection. This is particularly important

⁹ <https://www.whitehouse.gov/presidential-actions/2025/07/accelerating-federal-permitting-of-data-center-infrastructure/>

given that data centres accounted for 22% of national electricity demand in 2024, with the CRU projecting that this could rise to 31% by 2034¹⁰. Applications should therefore be considered based on factors such as their location, energy efficiency, impact on security of supply and ability to support additional renewable generation or system flexibility. The CRU's connection policy recognises this by requiring new data centres to provide generation or storage capacity and to meet at least 80% of their annual demand through additional renewable electricity projects in Ireland.

The impact on electricity prices must also be carefully considered. Businesses are already facing significant cost pressures and should not be expected to carry the cost of addressing long-standing underinvestment in national infrastructure. We have consistently called for a financeable, multiannual funding framework for the electricity grid, supported primarily through sustained Government capital investment. The €13.4 billion Price Review 6 investment programme is welcome, but it must be delivered at pace and in a manner which provides businesses with certainty over future energy costs¹¹.

Finally, additional demand must be matched by faster delivery of renewable energy and the infrastructure required to support it. This includes grid reinforcement, electricity storage, strategic interconnectors and the transmission and port infrastructure needed for offshore wind. Planning authorities and relevant State agencies must also be properly resourced so that suitable projects can progress within clear and predictable timelines. Operators have a responsibility to meet appropriate sustainability requirements, but the State cannot outsource its responsibility to provide the infrastructure needed to support economic growth.

¹⁰ <https://www.cru.ie/about-us/news/the-cru-publishes-its-decision-on-new-electricity-connection-policy-for-data-centres/>

¹¹ <https://chambers.ie/wp-content/uploads/2025/09/Price-Review-6-Submission-by-Chambers-Ireland-September-2025.pdf>

Do you support the proposal's objective of strengthening European cloud sovereignty and resilience?

Yes; we envisage significant benefits to the EU in terms of reduced exposure to geopolitical disruption, supply chain risks and strategic dependencies. Nonetheless, resilience should be achieved through diversification, interoperability and increased capability within the Single Market rather than through measures that unnecessarily restrict access to global providers. The objective should be to expand choice, strengthen strategic autonomy and improve security while maintaining an open and competitive market that continues to support innovation and investment