

**NEWS – ECIPE PRESS RELEASE – NEW OCCASIONAL PAPER**

# **EUCS Cloud Certification's Costly Price Tag for Smaller EU Member States**

*By Matthias Bauer and Philipp Lamprecht, Directors at ECIPE*

**Brussels, 18 October 2023** - Smaller, digitally-oriented EU Member States with an open economy would be hardest hit if the upcoming EU cloud certification scheme remains unchanged, effectively restricting EU access to global cloud services, reveals a new ECIPE policy brief.

***"For the first time ever, this study puts a price tag on how a discriminatory EUCS scheme for cloud computing services would impact the economy of [individual EU countries](#). National ministers have been asking for this since December, but the European Commission still has not disclosed any figures,"*** says Matthias Bauer, author of the report.

A far-reaching EU Cybersecurity Certification Scheme for Cloud Services (EUCS) is currently being developed. According to the latest draft, it would by design prevent non-EU cloud vendors – as well as EU cloud providers active abroad – from providing "highly critical" cloud services in Europe.

The [new ECIPE study](#) reveals that the proposed discriminatory requirements (i.e. foreign ownership, headquarter restrictions, local staff, data localisation) would in fact lead to significant losses in Member States' economic activity.

ECIPE found that in the short term (after two years) annual EU GDP losses would be in the €29-610 billion range, depending on how many critical sectors would be covered.

In the medium term (five years), however, the projected **GDP loss for the EU as a whole would be a whopping €537-572 billion per year**, with an almost neglectable difference in impact between the most and least restrictive scenarios of "critical sector" coverage.

Bauer: ***"In the most stringent scenario, reflecting political demands of the current French government, the EU's total GDP is projected to decrease by 3.6%. This accounts for both lost and foregone cloud capacity, as well as the impact on general productivity growth."***

While every single EU Member State would be negatively affected, the authors highlight that in the most restrictive EUCS scenario, **eight smaller countries in particular would be hit disproportionately hard**, showing the largest (relative) annual GDP losses.

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|                 |                               |
|-----------------|-------------------------------|
| Luxembourg      | -4.8% (or €3.8 billion/year)  |
| The Netherlands | -4.3% (or €40.8 billion/year) |
| Denmark         | -4.1% (or €15.7 billion/year) |
| Ireland         | -4.1% (or €20.7 billion/year) |
| Belgium         | -4.0% (or €21.8 billion/year) |
| Latvia          | -3.8% (or €15 billion/year)   |
| Sweden          | -3.8% (or €21.6 billion/year) |
| Slovenia        | -3.7% (or €2.1 billion/year)  |

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Although EUCS negotiations are ongoing behind closed doors at technical level, the **informal Telecoms Council on 23 and 24 October could be a make-or-break moment**, as various national EU governments continue to push back at the latest EUCS draft.

Bauer: ***“Our study is extremely timely, as it provides the economic impact assessment that ministers have been waiting for the European Commission to provide for almost a year now. The potentially huge economic repercussions of EUCS, as quantified by this study, should encourage those ministers to speak up ahead of next week’s Council. A discriminatory EUCS would only take Europe further away from its 2030 digital targets.”***

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**Publication details:**

- Interactive map: [EUCS impact – Absolute real GDP losses \(in € billion\), per country](#)
- Interactive map: [EUCS impact – Relative real GDP losses \(% change\), per country](#)
- [The Economic Impacts of the Proposed EUCS Exclusionary Requirements: Estimates for EU Member States](#), ECIPE Occasional Paper No.04/2023

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# EUCS: BREAKDOWN OF IMPACT PER COUNTRY

## MEDIUM-TERM HORIZON (FIVE YEARS FOLLOWING IMPLEMENTATION)

ABSOLUTE ANNUAL LOSSES IN REAL GDP, IN EUR BILLION

|             | Broad critical<br>sector coverage | Medium critical<br>sector coverage | Narrow critical<br>sector coverage |
|-------------|-----------------------------------|------------------------------------|------------------------------------|
| EU27        | -571.98                           | -554.55                            | -537.12                            |
| Austria     | -15.02                            | -14.75                             | -14.48                             |
| Belgium     | -21.76                            | -21.04                             | -20.33                             |
| Bulgaria    | -2.81                             | -2.73                              | -2.66                              |
| Croatia     | -2.23                             | -2.19                              | -2.15                              |
| Cyprus      | -1.75                             | -1.42                              | -1.11                              |
| Czechia     | -9.34                             | -9.09                              | -8.87                              |
| Denmark     | -15.68                            | -14.84                             | -14.08                             |
| Estonia     | -1.30                             | -1.25                              | -1.20                              |
| Finland     | -9.51                             | -9.21                              | -8.95                              |
| France      | -97.65                            | -95.01                             | -92.37                             |
| Germany     | -138.40                           | -133.75                            | -129.10                            |
| Greece      | -7.49                             | -7.36                              | -7.26                              |
| Hungary     | -5.98                             | -5.79                              | -5.60                              |
| Ireland     | -20.71                            | -19.24                             | -17.82                             |
| Italy       | -65.10                            | -63.96                             | -63.00                             |
| Latvia      | -1.47                             | -1.44                              | -1.40                              |
| Lithuania   | -2.33                             | -2.28                              | -2.22                              |
| Luxembourg  | -3.77                             | -3.34                              | -2.94                              |
| Malta       | -0.86                             | -0.74                              | -0.64                              |
| Netherlands | -40.83                            | -37.96                             | -35.27                             |
| Poland      | -21.48                            | -21.15                             | -20.76                             |
| Portugal    | -8.25                             | -8.09                              | -7.92                              |
| Romania     | -9.43                             | -9.21                              | -9.01                              |
| Slovakia    | -3.49                             | -3.43                              | -3.39                              |
| Slovenia    | -2.10                             | -2.04                              | -1.98                              |
| Spain       | -47.11                            | -46.18                             | -45.39                             |
| Sweden      | -21.60                            | -20.64                             | -19.69                             |

**RELATIVE ANNUAL LOSSES IN REAL GDP, IN %**

|             | <b>Broad critical sector coverage</b> | <b>Medium critical sector coverage</b> | <b>Narrow critical sector coverage</b> |
|-------------|---------------------------------------|--|--|
| EU27        | -3.6%                                 | -3.5%                                  | -3.4%                                  |
| Austria     | -3.4%                                 | -3.3%                                  | -3.2%                                  |
| Belgium     | -4.0%                                 | -3.8%                                  | -3.7%                                  |
| Bulgaria    | -3.3%                                 | -3.2%                                  | -3.2%                                  |
| Croatia     | -3.3%                                 | -3.3%                                  | -3.2%                                  |
| Cyprus      | -6.5%                                 | -5.3%                                  | -4.1%                                  |
| Czechia     | -3.4%                                 | -3.3%                                  | -3.2%                                  |
| Denmark     | -4.1%                                 | -3.9%                                  | -3.7%                                  |
| Estonia     | -3.6%                                 | -3.5%                                  | -3.3%                                  |
| Finland     | -3.5%                                 | -3.4%                                  | -3.3%                                  |
| France      | -3.7%                                 | -3.6%                                  | -3.5%                                  |
| Germany     | -3.6%                                 | -3.5%                                  | -3.3%                                  |
| Greece      | -3.6%                                 | -3.5%                                  | -3.5%                                  |
| Hungary     | -3.5%                                 | -3.4%                                  | -3.3%                                  |
| Ireland     | -4.1%                                 | -3.8%                                  | -3.5%                                  |
| Italy       | -3.4%                                 | -3.4%                                  | -3.3%                                  |
| Latvia      | -3.8%                                 | -3.7%                                  | -3.6%                                  |
| Lithuania   | -3.5%                                 | -3.4%                                  | -3.3%                                  |
| Luxembourg  | -4.8%                                 | -4.3%                                  | -3.8%                                  |
| Malta       | -5.0%                                 | -4.3%                                  | -3.7%                                  |
| Netherlands | -4.3%                                 | -4.0%                                  | -3.7%                                  |
| Poland      | -3.3%                                 | -3.2%                                  | -3.2%                                  |
| Portugal    | -3.5%                                 | -3.4%                                  | -3.3%                                  |
| Romania     | -3.3%                                 | -3.2%                                  | -3.2%                                  |
| Slovakia    | -3.2%                                 | -3.1%                                  | -3.1%                                  |
| Slovenia    | -3.7%                                 | -3.6%                                  | -3.5%                                  |
| Spain       | -3.6%                                 | -3.5%                                  | -3.4%                                  |
| Sweden      | -3.8%                                 | -3.7%                                  | -3.5%                                  |

## SHORT-TERM HORIZON (TWO YEARS FOLLOWING IMPLEMENTATION)

### ABSOLUTE ANNUAL LOSSES IN REAL GDP, IN EUR BILLION

|             | Broad critical sector coverage | Medium critical sector coverage | Narrow critical sector coverage |
|-------------|--------------------------------|---------------------------------|---------------------------------|
| EU27        | -610.00                        | -316.88                         | -28.52                          |
| Austria     | -15.96                         | -8.36                           | -0.31                           |
| Belgium     | -29.62                         | -14.62                          | 1.21                            |
| Bulgaria    | -2.50                          | -1.40                           | -0.39                           |
| Croatia     | -1.94                          | -1.04                           | -0.26                           |
| Cyprus      | -2.76                          | -1.64                           | 0.02                            |
| Czechia     | -9.78                          | -5.11                           | -0.41                           |
| Denmark     | -18.50                         | -9.21                           | -0.80                           |
| Estonia     | -1.36                          | -0.71                           | -0.09                           |
| Finland     | -10.26                         | -5.43                           | -0.59                           |
| France      | -111.11                        | -58.32                          | 0.26                            |
| Germany     | -148.48                        | -74.82                          | -6.20                           |
| Greece      | -5.82                          | -3.27                           | -1.12                           |
| Hungary     | -6.28                          | -3.15                           | -0.48                           |
| Ireland     | -23.95                         | -13.57                          | -1.06                           |
| Italy       | -66.25                         | -31.88                          | -3.82                           |
| Latvia      | -1.58                          | -0.81                           | -0.08                           |
| Lithuania   | -1.62                          | -1.00                           | -0.43                           |
| Luxembourg  | -7.28                          | -3.55                           | 0.91                            |
| Malta       | -1.46                          | -0.78                           | 0.10                            |
| Netherlands | -55.98                         | -28.56                          | -0.38                           |
| Poland      | -17.41                         | -9.92                           | -2.43                           |
| Portugal    | -7.99                          | -4.21                           | -0.62                           |
| Romania     | -7.06                          | -3.92                           | -1.49                           |
| Slovakia    | -3.36                          | -1.69                           | -0.29                           |
| Slovenia    | -2.28                          | -1.07                           | -0.07                           |
| Spain       | -42.07                         | -21.76                          | -3.98                           |
| Sweden      | -26.04                         | -13.89                          | -0.73                           |

**RELATIVE ANNUAL LOSSES IN REAL GDP, IN %**

|             | <b>Broad critical sector coverage</b> | <b>Medium critical sector coverage</b> | <b>Narrow critical sector coverage</b> |
|-------------|---------------------------------------|--|--|
| EU27        | -3.9%                                 | -2.0%                                  | -0.2%                                  |
| Austria     | -3.6%                                 | -1.9%                                  | -0.1%                                  |
| Belgium     | -5.4%                                 | -2.7%                                  | 0.2%                                   |
| Bulgaria    | -3.0%                                 | -1.7%                                  | -0.5%                                  |
| Croatia     | -2.9%                                 | -1.6%                                  | -0.4%                                  |
| Cyprus      | -10.2%                                | -6.1%                                  | 0.1%                                   |
| Czechia     | -3.5%                                 | -1.9%                                  | -0.2%                                  |
| Denmark     | -4.9%                                 | -2.4%                                  | -0.2%                                  |
| Estonia     | -3.8%                                 | -2.0%                                  | -0.2%                                  |
| Finland     | -3.8%                                 | -2.0%                                  | -0.2%                                  |
| France      | -4.2%                                 | -2.2%                                  | 0.0%                                   |
| Germany     | -3.8%                                 | -1.9%                                  | -0.2%                                  |
| Greece      | -2.8%                                 | -1.6%                                  | -0.5%                                  |
| Hungary     | -3.7%                                 | -1.9%                                  | -0.3%                                  |
| Ireland     | -4.7%                                 | -2.7%                                  | -0.2%                                  |
| Italy       | -3.5%                                 | -1.7%                                  | -0.2%                                  |
| Latvia      | -4.1%                                 | -2.1%                                  | -0.2%                                  |
| Lithuania   | -2.4%                                 | -1.5%                                  | -0.7%                                  |
| Luxembourg  | -9.3%                                 | -4.5%                                  | 1.2%                                   |
| Malta       | -8.5%                                 | -4.5%                                  | 0.6%                                   |
| Netherlands | -5.8%                                 | -3.0%                                  | 0.0%                                   |
| Poland      | -2.7%                                 | -1.5%                                  | -0.4%                                  |
| Portugal    | -3.3%                                 | -1.8%                                  | -0.3%                                  |
| Romania     | -2.5%                                 | -1.4%                                  | -0.5%                                  |
| Slovakia    | -3.1%                                 | -1.5%                                  | -0.3%                                  |
| Slovenia    | -4.0%                                 | -1.9%                                  | -0.1%                                  |
| Spain       | -3.2%                                 | -1.6%                                  | -0.3%                                  |
| Sweden      | -4.6%                                 | -2.5%                                  | -0.1%                                  |