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Cloud Sovereignty and the Single Market: A Better Understanding of Government Procurement and National Cloud Technology Preferences

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Brussels, 19 October 2026 – Europe's drive for cloud sovereignty is hardening national procurement boundaries instead of building a European cloud market. A [new ECIPE study](#) of 8,725 public cloud contracts in nine Member States (2018–2025) finds that 97 per cent went to providers registered in the buyer's own country. Every contract invoking the new "sovereignty" vocabulary went to a domestic provider, and the share of tenders attracting a single bidder rises from 28 to 46 per cent. As the EU considers the proposed Cloud and AI Development Act (CADA), the study warns that its higher assurance levels risk writing this fragmentation into law: 27 national cloud markets in place of one Single Market.

The study shows that CADA mixes two ideas of sovereignty. Functional sovereignty is about security and resilience: managing risk, protecting data and being able to switch providers. Industrial sovereignty uses a provider's origin, ownership and location as a proxy for control. At Levels 3 and 4, eligibility increasingly depends on a provider's territorial, corporate and personnel links to the Union, turning a risk-management framework into a nationality-based market filter.

The result is a "sovereignty paradox": current frameworks nationalise the contract layer but not the infrastructure beneath it. At least 13 of the 238 sovereignty-labelled award notices name a US hyperscaler as the product, platform or supplier, and the real number is likely higher. Applied too broadly, Levels 3 and 4 would exclude the operator-partner arrangements that European sovereign-cloud

provision relies on, cutting supplier choice and redundancy without necessarily making public cloud more secure.

“Real sovereignty means a public buyer can show its data is secure and that it can switch provider if it has to. A provider’s passport does not tell you that”, said Fredrik Erixon, co-author of the study and Director at ECIPE. “Europe’s cloud market is already national in practice. CADA risks locking that in.”

The study recommends that CADA define sovereignty by demonstrated safeguards, such as customer-held encryption keys, confidential computing and auditable data residency, rather than by ownership or origin; make its risk-assessment methodology binding across Member States; make third-country recognition under Article 18 objective and predictable; make recognition under Article 17 portable across the Union; and keep restrictive requirements out of the private sector unless lawmakers extend them through the ordinary legislative procedure. An open operating-partner model would let European integrators and cloud operators compete across all 27 Member States, not inside 27 protected national markets.

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