

Consultation response (remissvar), Fi2026/01676

European Commission proposal for a Regulation on cloud and AI development (Cloud and AI Development Act), COM(2026) 502

To: Ministry of Finance (Finansdepartementet)

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Date: 2 October 2026

This response is submitted in a personal capacity. It is not a response from the Stockholm School of Economics.

Summary of the response

I support the proposal's aim of strengthening the Union's capacity and its control over the cloud and AI services that public bodies use. My comments concern the sovereignty framework and public procurement (Articles 29 and 30 and Annex II) and the national strategies and acceleration zones (Articles 7 and 11).

The proposal assigns one assurance level to each cloud service. A public AI service combines a data centre operator, a cloud platform, an AI model and an application, often from different companies, and recital 10 excludes the AI system and its underlying model from the cloud service. A Swedish authority could therefore procure a service at Level 3 while the model it relies on can be changed by the provider at short notice, or withdrawn by order of a foreign government, as happened to two leading models in June 2026.

I propose that the Government supports five amendments in the Council, set out with suggested wording in the briefing note that follows. They are requirements for each layer of a public AI service in the risk assessments (Article 29(1)); contract terms on applicable law, notice, transition, portability and migration support when public bodies procure AI models (new Article 30a); a tested exit plan before each contract renewal (new Article 30(5)); reporting of compute capacity by who controls it, with access guarantees that bind later operators of a site (Articles 7(2) and 11(3)); and energy and water conditions for data centres in acceleration zones (Article 11(1)). The note also lists two technical corrections to the proposal.

Amendments 2 and 3 apply only to activities that the risk assessment places at Level 2 or above. Many Swedish municipalities and regions would find it hard to negotiate model terms or test an exit on their own. Central purchasing bodies such as Adda and Statens inköpscentral at Kammarkollegiet could secure the terms and run the exit test once, in framework agreements, on behalf of many public buyers.

The full analysis and sources are in my policy paper, What the Cloud and AI Development Act Should Require Beyond Data Location (Zenodo, 2026, <https://doi.org/10.5281/zenodo.22795032>).

Five amendments to the Cloud and AI Development Act on AI models, exit and compute

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2 October 2026

Full paper with sources: What the Cloud and AI Development Act Should Require Beyond Data Location, Zenodo, 2026, <https://doi.org/10.5281/zenodo.22795032>

Summary

The proposal assigns one assurance level to each cloud service that a public body procures. A public AI service combines a data centre operator, a cloud platform, an AI model and an application, and these often come from different companies. Under the current text a public body can comply with Article 30 while the model it relies on meets no requirement, because recital 10 excludes the model from the cloud service. Models also change more often than the people who use them can adapt, and some providers commit to as little as 60 days' notice before they retire a model. The body is expected to migrate within 12 months when a risk assessment requires it (Article 29(6)), although no provision asks it to show in advance that it can. The five amendments below build on articles already in the proposal. Two technical corrections follow.

Evidence and its bearing on the text

Finding	Evidence	Bearing on the text
Levels 1 and 2 admit providers under third-country control	Level 1 is reached by self-assessment (Article 19). Level 2 requires the provider to show that the controlling country or company cannot restrict the service, access customer data, disrupt it or impose foreign sanctions (Annex II, 2.1(g)). In June 2025 Microsoft France's director of public and legal affairs told a French Senate inquiry under oath that he could not guarantee that French citizens' data would never be passed to US authorities without French consent.	Level 2 audits will need to assess the legal exposure of parent companies. Public bodies outside the activities identified under Article 29 procure at Level 1.
The provider's home state can stop model supply	In June 2026 a US Department of Commerce order led Anthropic to disable its two most capable models for all customers worldwide, for 18 days according to A Transformative AI Strategy for Europe (September 2026).	The hosting level had no bearing on the outcome, because the order applied to the model provider. The model sits outside the certified service (recital 10).
Providers change models often and give short notice, and organisations rarely switch provider	OpenAI's ChatGPT release notes record changes to models in use in January, February, March and May 2026 and new models in February, March and July; one entry corrected "the inadvertent reduction" of a reasoning setting a month earlier. Anthropic and Microsoft give at least 60 days' notice of retirement, and OpenAI at least six months for its developer platform unless safety or compliance requires less. In a 2025 survey, 11% of enterprise AI teams had changed model provider in a year (Menlo Ventures).	Staff need time to test each change to a model against their own cases, and rights over models have to be set at purchase. Six months' notice matches OpenAI's current minimum; a 12-month transition goes beyond current practice. Open-weight models hosted in the EU can meet it without the provider's cooperation.
Exit from a public cloud platform is slow to decide	France placed its Health Data Hub on Microsoft Azure in 2019, announced its exit in February 2026 and expects its French replacement to be fully running between late 2026 and early 2027.	Annex II asks providers at Levels 2 and 3 to document migration plans for third-country software components, with no test. The proposal sets no duty for public bodies to document or test their own exit.
Access terms move with capacity	Stargate Norway was announced in July 2025 with priority access for Norwegian start-ups and researchers. By April 2026 Microsoft had agreed to rent more than 30,000 GPUs at the site.	Guarantees agreed in return for public support need to bind later tenants.
A 45 GW compute target has energy and water costs in the EU	At 70% to 100% utilisation, 45 GW uses 276 to 394 TWh a year, 2.4 to 3.4 times the IEA projection of 115 TWh for all EU data centres in 2030. At the water ratio reported under the Energy Efficiency Directive for 2025, it would use 117 to 167 million m³ of water a year.	Article 11 applies Energy Efficiency Directive indicators to sustainability requirements in acceleration zones and sets no conditions on flexible load or water stress.

Suggested amendments

Amendment	Provision	Suggested wording
1. Assurance requirements for each layer of a public AI service	Article 29(1), new point (c)	"(c) for each identified public sector activity that relies on an AI system, record the requirements appropriate for the data centre operator, the cloud computing service, the AI model and the application, including where these are supplied by different providers."
2. Enforceable rights over AI models, with notice and transition periods	New Article 30a	"1. Contracting authorities referred to in Article 30(3) that procure access to AI models, including general-purpose AI models within the meaning of Article 3, point (63), of Regulation (EU) 2024/1689, shall ensure that the contract specifies (a) the law applicable to the provider and any third-country measure that could restrict supply; (b) notice of at least six months before any material change to, or withdrawal of, the model; (c) a transition period of at least 12 months following the notice period, during which the model remains available without material change alongside any changed or replacement model; (d) portability of the authority's data, prompts and adapted components in a usable format; and (e) support for migration to another provider where supply is interrupted. 2. Points (b) and (c) shall not prevent a change limited to what is necessary to address a known security vulnerability or to comply with Union law, of which the provider shall notify the contracting authority without delay. 3. 'Material

Amendment	Provision	Suggested wording
		change' means any change to the model's parameters, system instructions or output filters that alters its outputs for the tasks specified in the contract, whether or not the provider assigns the model a new name or version number."
3. A tested exit	Article 30, new paragraph 5	"Contracting authorities referred to in paragraph 3 shall maintain an exit plan for each cloud computing service and AI model they procure, and shall test that plan before each renewal of the contract by migrating a representative workload to another provider. Member States shall include the results in the information provided to the Commission under Article 29(4)."
4. Access guarantees and control of capacity	Article 7(2), new point (i); Article 11, new paragraph 3	Article 7(2): "(i) data centre and AI compute capacity in the Member State, reported separately for capacity under the control of Union entities and capacity under the control of a third country or a legal entity established in a third country." Article 11(3): "Where a Member State agrees guarantees of access to computing capacity in return for permits in an acceleration zone, priority grid connection or public funding, those guarantees shall bind any subsequent operator or tenant of the data centre, and a summary of their terms shall be published."
5. Energy and water conditions	Article 11(1), new subparagraph	"Member States shall make the deployment of data centres in acceleration zones conditional on reporting under Delegated Regulation (EU) 2024/1364, on commitments to flexible load agreed with the relevant system operator, and on limits to water use in areas of water stress. National strategies under Article 7 shall report data centre capacity in energy and water use as well as in power."

Timing

Parliament aims to vote on the text in mid-2027. Member States must complete the first risk assessments under Article 29 within a year of entry into force and repeat them every two years, so amendments 1 to 3 need to be in the adopted text before the first assessments assign levels to public services. Amendments 4 and 5 can also be taken up in the national cloud and AI strategies, which Member States must adopt within the same year (Article 7).

Technical corrections

Annex II, point 3.1(g), twice refers to implementing acts under "Article 19", which concerns conformity self-assessment. The provision on associated third countries is Article 18. In Article 30(4), the third point is labelled "(a)" and should read "(c)".

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