

European Digital Strategy to advance digital sovereignty in the AI era

From Re-imagine Europa (In progress – June 2025)



Context and Strategic Purpose

The European Council in its meeting on 23th October 2025 emphasised that digital sovereignty constitutes a cornerstone of the Union's strategic autonomy, democratic values, and long-term competitiveness. The accelerating digital transformation and the geopolitical deployment of technology expose the Union structural dependencies and vulnerabilities that require decisive action.

The scale of the challenge is evident in the field of AI: in 2024, the United States developed 40 foundational AI models and China 15, while the European Union produced only 3. AI adoption among SMEs remains below 21%, and European start-ups face fragmentation across 27 national markets, preventing achievement of global scale.

This proposal of EU Digital Strategy builds upon the key EU references, notably the Digital Decade, the Chips Act, the AI Act, the AI Continent and Apply Strategy, the European Parliament's Report on Digital Sovereignty, the EUCO Conclusions, the Franco-German Initiative as well as the EuroStack proposal, responding to the urgent need for coherent action guided by the principles of sovereignty, scale, simplification, speed, and ambition. A new package for European Digital Sovereignty is expected.

Strategic Objectives

To advance European digital sovereignty by establishing sovereign critical infrastructures, strengthening sovereign technological capabilities, mobilising resources to design, develop, and scale European digital solutions anchored in European interests and democratic values.

Strategic Priorities

1. Deploy Harmonised European Digital Infrastructure

The Union shall establish cyber-secure digital backbone infrastructures as the technological foundation of sovereignty for citizens, businesses, and public administrations.

Key actions:

- **Sovereign Cloud deployment** in partnership with trusted European providers, targeting repatriation of significant portions of the €264 billion (corresponding to 1.9 million jobs) that flows annually for cloud services from the EU to the US, supported by common public procurement guidance provided by the European Commission
- EU-wide critical digital infrastructures deployment, to be based wherever possible on European solutions, for the internal market e.g., e-invoicing, Business Wallet, and Product Passport; energy; justice and internal security; customs and taxation.
- **European Digital Identity Wallet** implementation based on sovereign EU technology, for citizens and businesses. 75% of EU companies should use by 2030 the European Business Wallet for cross-border legal, administrative, and commercial interactions.
- **Digital Euro** development and roll-out as sovereign currency and trusted public payments infrastructure, enabling financial innovation.

2. Close the AI Innovation Gap and Build Sovereign Capability

The Union shall mobilise industrial capabilities to close the AI innovation gap across all layers of the digital stack while promoting AI applications in key economic sectors and across all of society.

Key actions:

- **AI Gigafactories coordination** using EuroHPC infrastructure, prioritising energy efficiency, sustainability, and supply-chain resilience; reinforcing
- **Made-in-Europe AI applications** diffusion targeting 50% adoption in manufacturing and 75% in public services by 2030
- **European AI chips investment** (energy-efficient and edge-AI chips, secure hardware) and next-generation connectivity expansion (5G/6G, satellite, IoT)
- **Chips Act strengthening** through Critical Raw Materials Act and "Chips Act 2.0" initiative; European companies that drive AI Gigafactories should also partner in the EU Chips Act to stimulate the market for European AI chips.
- **AI future jobs programmes** to promote quality jobs and fair working conditions, ensuring that AI-driven transformation translates into secure employment, social dialogue, algorithmic transparency, and respect for workers' rights.

3. Accelerate Data Spaces Diffusion and Digital Commons Ecosystem

The Union shall implement demand-driven initiatives to accelerate diffusion and uptake of European solutions and highly scalable digital products and services.

Key actions:

- **Market-driven scaling** of European digital solutions stimulating demand-supply interplay through targeted incentives and innovative procurement mechanisms on the one hand and innovation hubs and networks on the other
- **Sectoral European data spaces** implementation in health, education, media, public administration, legal and financial services, energy, agrifood, manufacturing with concrete 2030 targets, including full European Health Data Space deployment
- **Digital Commons ecosystem** deployment including digital workspaces and open-source tools for broad market adoption and public sector diffusion
-

4. Invest in Cutting-Edge Technologies and Skills

The Union shall invest strategically in future-defining technologies while strengthening research, innovation, and skills capabilities and eliminating the risk of market barriers.

Key actions:

- **Quantum computing, edge AI, neuromorphic chips, robotics, and drones** investment enabling scaling-up and favourable market conditions.
- A **Quantum Internal Market (Quantum Act)** with mutual recognition of certification
- Private-public partnering of European drone, telecoms, transport, cloud, defense industry and governments for **drone communications infrastructure** providing dual-use and European 6G leadership.
- **Competitive European space industry** development ensuring effective IRIS² deployment
- **Dual-use R&D pilots** advancement in technologies critical for strategic autonomy, competitiveness, security, and defence
- **Deep-tech ecosystems** support through IPCEIs, public-private partnerships, deep tech investment, and technology transfer
- **EU-wide skills programmes** for re-skilling and up-skilling in AI, cybersecurity, and data governance

5. Align Investment, Procurement, and Governance at Scale

The Union shall coordinate governance and investment mechanisms to deliver scale and eliminate fragmentation.

Key actions:

- **Financial instruments mobilisation** including InvestEU, Multiannual Financial Framework, and InvestAI Facility and Global Gateway
- **ScaleUp Europe Fund** establishment for growth capital
- **European Sovereign Tech Fund** creation blending equity and debt to mobilise public-private capital
- **"Buy European" procurement strategy** targeting minimum 50% of public digital infrastructure spending to EU-based providers by 2030

- **28th regime establishment** providing uniform EU-administered framework for start-ups and scale-ups
- **Digital Autonomy Index integration** into 2026 Digital Decade revision
- **EU digital diplomacy agenda** and Team Europe to shape global digital cooperation, build networks of likeminded partners for mutual benefit and strengthen Europe's international position.
- **Digital Sovereignty Implementation Taskforce** establishment for coordination, based on the European Commission AI Office and AI Board and on a stronger coordination of the relevant formations and working parties of the Council