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By: Giorgos Verdi

What does Europe lack for full tech sovereignty?

In early June, the European Commission unveiled its Tech Sovereignty Package, a new policy agenda designed to strengthen Europe's strategic autonomy through investments in AI, domestic semiconductor manufacturing, cloud infrastructure, and open-source software.

While ambitious, the package is not enough. To ensure that AI and digital technologies advance the European Union's economic and security interests requires confronting the root causes of Big Tech's dominance over Europe's digital economy.

The plan's objective—to reduce the EU's dependence on foreign technologies and, in turn, its vulnerability to external coercion—is laudable.

Today, roughly 80% of the bloc's digital technologies are imported, primarily from the United States.

This has created a power imbalance that US President Donald Trump's administration has not hesitated to exploit in pursuit of its political interests.

Yet the Commission's plan is unlikely to shift that balance. Consider one of the package's main goals: tripling the EU's data-center capacity over the next 5–7 years.

While expanding computing capacity is important, it will do little to foster a competitive domestic ecosystem unless Europeans capture a greater share of the economic value generated by AI.

Three American companies—Amazon, Google, and Microsoft—currently control 70% of Europe's cloud market, while AI development is dominated by a handful of trillion-dollar US firms, including OpenAI and Anthropic, whose partnerships with Big Tech give them unparalleled access to capital and computing power.

Without a concerted effort to tackle industry consolidation, most of the value created by Europe's data-center buildout will ultimately flow back to the US.

Eliminating challengers

Even if the Tech Sovereignty Package succeeds beyond expectations and helps create a new generation of fast-growing European startups, Big Tech could still use its market dominance to acquire or otherwise eliminate these challengers.

Between 2010 and 2023, Big Tech companies acquired nearly 100 AI startups. Among them was DeepMind, whose 2014 purchase by Google has been widely viewed as a strategic loss for the United Kingdom, where the company was founded.

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Self-preferencing, tying, and restricting access to critical digital infrastructure can be just as effective in suppressing potential rivals.

Meta's recent attempt to block competing AI providers from accessing WhatsApp—a move that the European Commission swiftly reversed—illustrates how easy it is to undermine promising European alternatives.

Uneven playing field

The good news is that Europe already has many of the tools it needs to prevent these outcomes.

The EU's Digital Markets Act (DMA), for example, prohibits gatekeeper platforms from engaging in unfair practices that stifle competition from European innovators.

But the DMA has not kept pace with developments in cloud computing and AI, and political pressure from the Trump administration has discouraged robust enforcement against US firms.

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Merger control is another underused instrument. Existing competition rules and national-security screening regimes already allow EU governments to prevent acquisitions that undermine strategic autonomy.

In May, for example, the Netherlands blocked IBM spinoff Kyndryl's takeover of Dutch cloud provider Solvinity, citing risks to the public interest.

Other EU member states—and the European Commission—should follow this example and scrutinize acquisitions that risk absorbing Europe's most promising tech companies.

Last year, Apple reportedly considered acquiring the French AI startup Mistral.

Although the deal never materialized, it served as a reminder that the EU must be prepared to intervene when takeovers threaten not only competition but also its technological sovereignty.

The Tech Sovereignty Package should be more ambitious

At the same time, the Tech Sovereignty Package itself should be more ambitious.

Its centerpiece, the Cloud and AI Development Act, seeks to ensure that sensitive public-sector functions—particularly those related to national security and defense—rely on European providers.

But its strongest requirements apply only to a narrow range of activities, while member states retain considerable discretion over implementation.

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Given many governments' reluctance to provoke the Trump administration, this framework is unlikely to generate sufficient demand to foster a globally competitive European cloud industry.

Critically, Europe should also have the confidence to pursue a different innovation path from Silicon Valley's highly centralized and resource-intensive model.

A growing number of experts argue that today's dominant AI paradigm may be approaching its limits, making it unwise for Europe to devote all of its resources to replicating it.

Instead, the EU should invest more heavily in areas such as physical, spatial, and so-called "frugal" AI, which aims to design systems that maximize impact while minimizing computational and energy requirements.

Rather than simply imitating the American model, Europe must develop technologies that generate economic value, improve citizens' lives, and align with its sustainability goals.

By recognizing that dependence on US tech giants is both an economic challenge and a strategic vulnerability, the Tech Sovereignty Package marks a welcome shift in the EU's approach.

But without equally ambitious efforts to curb market concentration and break Big Tech’s hold on Europe’s digital economy, it is bound to fall short.

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