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Building Resilience? The Cybersecurity, Economic & Trade Impacts of Cloud Immunity

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Brussels, 6 March 2023 - The proposed EU Cybersecurity Certification Scheme for Cloud Data Services (EUCS) is supposed to prevent a patchwork of national certifications, which – in theory – is good for improving cybersecurity in the EU.

However, as analysed by Matthias Bauer, the European Commission is considering discriminatory requirements that would exclude many legitimate EU and non-EU cloud services providers.

Discriminating against companies on the grounds of nationality, or imposing local joint venture requirements, are practices known in China and Russia. Brussels would do precisely what it has been telling countries like China for years to stop doing, e.g., local establishment or joint venture obligations.

In addition, the proposed requirements would reduce advanced cloud services capacity in the EU, likely increase cybersecurity risks, and trigger trade policy disputes with longstanding trading partners, including OECD countries.

National telecom ministers were alarmed by the plans of the European Commission and, in December, called on the Commission to produce an impact assessment before moving ahead. The Commission, however, is keeping everyone in the dark.

The EU's Cybersecurity Agency, ENISA, and the European Commission should postpone EUCS negotiations until Annex J immunity requirements have undergone comprehensive legal and economic impact assessments, followed by adequate political and legislative proceedings.

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