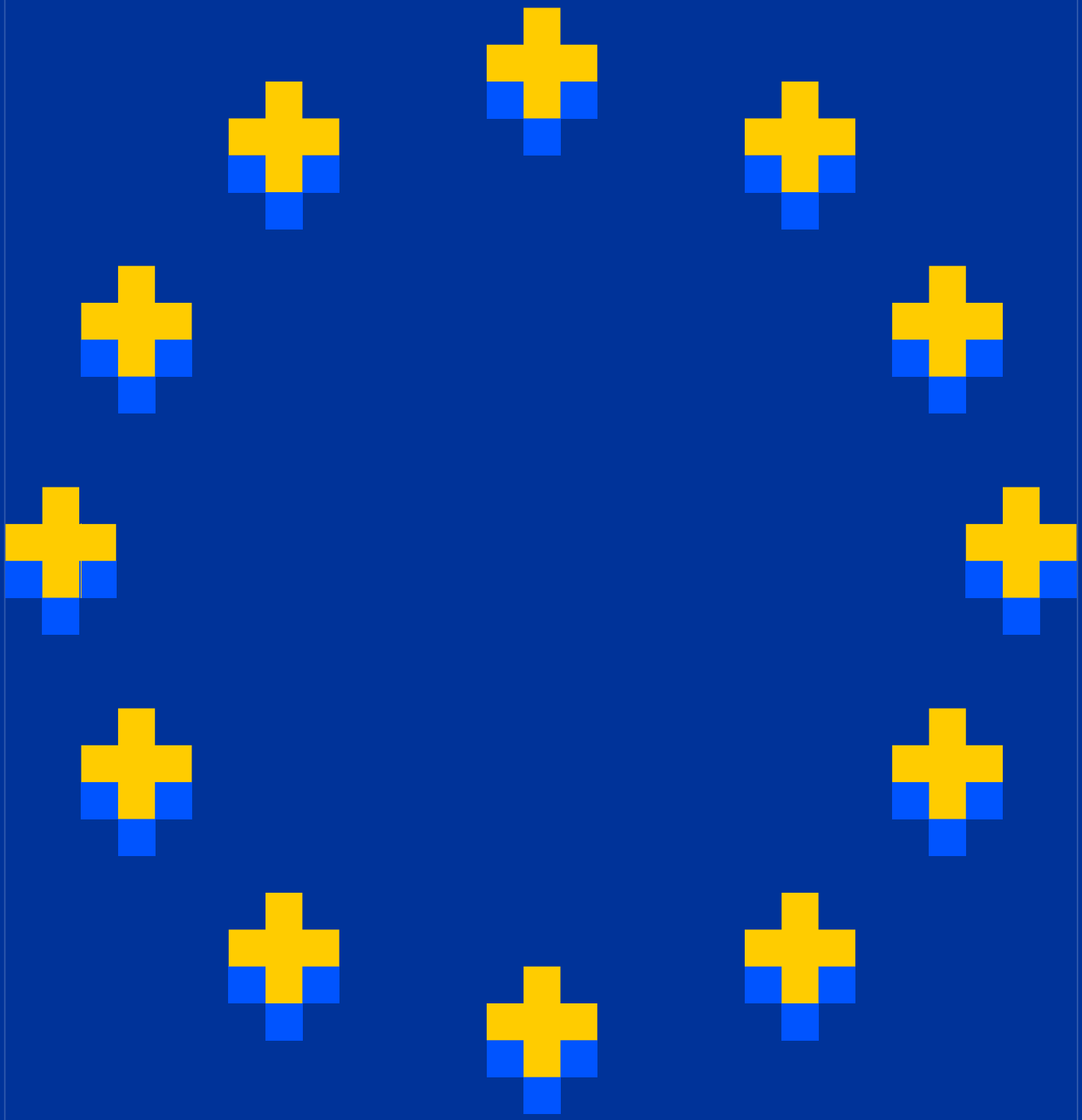
Mistral AI



European AI

A playbook to own it

Words from the CEO

Arthur Mensch,
co-founder and CEO of Mistral AI

Europe has faced a growing technological gap, leaving its citizens, businesses, and governments increasingly reliant on foreign dominance. The cost is high: a diminished voice on the global stage, reduced control over the European future, and vulnerability to digital threats. Without action, we risk surveillance threats, economic decline, strategic weakness, and even the erosion of our democratic freedoms.

But this challenge is also Europe's greatest opportunity. The AI revolution has started and is a chance to not only catch up but to lead and define our own paths. Europe is home to a vibrant pool of untapped talent and industrial champions whose unique assets can push the boundaries of what AI can achieve. The competition from the U.S. and China is fierce, but Europe is not just a market to be dominated, it is a powerhouse of innovation, creativity, and resilience.

The question is not whether we can compete, but how we will rise to the occasion. AI can be the tool that secures our autonomy, strengthens our strategic sectors, increases our economic wealth and amplifies our global influence. To seize this moment, we must act decisively. We need to drive demand for homegrown AI, secure strategic sectors, and empower European players. Controlling our AI and infrastructure is not optional, it's the only way to win the AI race. So now is the time to act: grow our talent pool and bring our best minds back to Europe, scale our innovative companies across all 27 Member States, and turn our diversity into a competitive edge by compressing knowledge and building AI that reflects the world's complexity.

Europe's AI ecosystem is brimming with potential. By fostering an environment that nurtures growth, we can transform challenges into opportunities and reclaim our future. The race is on, and Europe should be ready to win it.

Intro

Europe holds unique strengths: a world-class academic ecosystem, a commitment to human-centric technology, and a single market of +450 million people.

The question is no longer whether Europe can compete, but how it can turn these assets into a cohesive, self-reliant AI powerhouse.

This playbook provides a clear, actionable framework to position Europe as that powerhouse, accelerating AI development and adoption, attracting and retaining top talent, simplifying regulation without sacrificing values, and mobilizing public and private investment to build homegrown AI infrastructure. Only with it, Europe can ensure AI is not only developed in Europe, but for Europe and on Europe's terms.

Why this white paper?

This document is not a theoretical exercise. It is a practical playbook, born from the lived experience of a European AI startup, Mistral AI, navigating one of the world's most competitive, fast and capital-intensive industries. We have faced misaligned equity frameworks, bureaucratic barriers that require CEO to travel for basic administrative tasks, and legal uncertainty that complicates contracts and customer relationships.
We have seen how regulatory overlap creates legal quagmires, how fragmented markets hinder growth, and how talent slips away due to administrative friction.

This document is a call to turn Europe's strengths into a scalable, competitive advantage. It is grounded in the urgency of the moment and the conviction that Europe can and must build an AI ecosystem that reflects its values, serves its citizens, and competes globally.
It is our collective duty, to ensure AI can also be developed in Europe on terms that reflect our values and priorities as Europeans.

These challenges shaped our approach and led us to advance three key principles to unlock Europe's AI potential:

Action over theory: Every recommendation, from visa reform to procurement gateways, is designed to be implemented, measured, and scaled.

Unity in complexity: Europe's diversity is its strength, but its fragmentation is its Achilles' heel. This paper embraces the complexity of the EU's structure while offering solutions to align markets, reduce redundancy, and accelerate decision-making.

Speed is not an option: We propose fast-track mechanisms for talent, capital, and compliance, so Europe's innovators are not left behind.

At Mistral AI, we have built a frontier AI company in Europe because we believe in its potential. This playbook is our contribution to ensuring that potential becomes reality, not just for us, but for the entire ecosystem.

I.

Attract and retain talent

The most transformative advancements in AI, those that push the boundaries of what is possible, are driven by human genius, scientific curiosity, and the relentless pursuit of knowledge.

Beyond the algorithms and computational power, AI's potential lies in its ability to serve human intelligence, ensuring that technology remains a tool that serves human progress. This human-centric approach is not a philosophical ideal, but a practical necessity. AI systems that are truly innovative and beneficial to society will always require human oversight, creativity, and judgment at their core.

As a consequence, the global competition for AI talent is fierce. The scarcity of highly skilled professionals in computer science, machine learning, and related fields has turned talent into the most critical resource in the AI race. These experts operate in a global, hyper-competitive market, where other regions are attracting talent thanks to faster relocation processes, higher salaries, and dynamic career opportunities.

Fortunately, our continent is home to a vibrant AI academic ecosystem, from world-class universities to cutting-edge research institutions.

The foundations are here but the full potential must now be realized.

This requires deeper collaboration between academia and industry, ensuring that research excellence translates directly into innovation, and in general continent-wide measures that ease relocation, simplify administrative procedures, and secure long-term conditions for talent to thrive. The goal should be clear for Europe: becoming the global hub for AI research and development, a place where talent is not just attracted but nurtured, retained, and empowered to push the boundaries of what AI can achieve.

As competing regions become less open or predictable, Europe has a unique opportunity to position itself as the premier destination for global AI experts and address the shortage of highly skilled AI talent. The future of AI will be first shaped by those who invest in talent today.

Key measures

1. EU AI talent visa

Establish a "AI Blue Card", a fast-track visa process enabling AI and compute researchers, engineers, and entrepreneurs, along with their immediate families (spouses/partners and dependent children under 18), to obtain a 4-year work and residency permit valid across all EU Member States. The visa would be processed in 15 working days via a unified digital portal, with possible renewability and portability between Member States.

- **Funding model:** The scheme would be funded at EU level through Horizon Europe and the upcoming EU Competitiveness Fund, covering the development and operation of a unified digital application portal and reimbursing Member States for administrative and processing costs linked to the accelerated procedure. In addition, participating companies would pay a €1,000 fee to partially compensate for the administrative costs generated by the scheme.
- **Eligibility criteria:** This Visa would apply to AI researchers (PhD in AI/quantum computing or 5+ years of industry experience) and engineers (Master's degree in AI/related fields and 3+ years of experience in advanced AI systems) with a full-time contract from an EU AI company. Such organisations would be considered for their AI development contribution based on criteria: demonstrated research output, deployment of advanced AI technologies and participation in EU-funded AI and innovation programmes.
- **Objective:** Establish the EU as the top destination for AI innovation, surpassing the U.S. and Asia in talent retention and startup growth. International [1] experience shows that this targeted initiative can deliver rapid and measurable results.

Why it's needed

As the U.S. tightens immigration, a dedicated EU AI Talent Visa would address this gap by offering a fast, predictable, and EU-wide pathway. Europe needs a fast, predictable, and harmonized visa route to remain competitive in attracting top AI researchers, engineers, and entrepreneurs. For example, in France the French Tech Visa allowed more than 1,200 companies to recruit foreign employees.[2]

2. Develop deeper and more systematic partnerships between European universities and AI companies.

a. Launch AI PhD fund

Create a European AI PhD Fund to support 500 joint academia-industry PhDs/year by 2030, modeled after France's CIFRE but with a pan-EU focus on AI. PhD candidates will split their time equally between university and an AI company.

- **Funding model:** Funding for these projects would be shared equally between Horizon Europe and Marie Skłodowska-Curie Actions (MSCA) (€100M/year) and participating companies (50% industry co-funding with tax incentives for companies), ensuring that all supported research remains closely aligned with industry needs. The CIFRE program in France finances 1,550 PhD theses in collaboration with companies, for a total of €63.3 million per year.
- **Eligibility criteria:** Selected PhD projects would focus both on applied research targeting AI industrial applications and also on fundamental AI research essential to the development of frontier tier AI. Selection criteria would include a clear open-source commitment, with candidates dividing their applied research work equally between the university and the company.
- **Objective:** Reach 1.000 AI PhDs/year by 2030, notably by expanding the ELLIS (European Laboratory for Learning and Intelligent Systems) PhD programme to 500 PhDs per year, alongside the broader AI PhD Fund.

Why it's needed

Joint academic–industry PhDs create a direct pipeline between universities and companies, accelerate technology transfer and train AI researchers to operate at the frontier of both scientific discovery and industrial deployment, an essential condition for Europe's long-term competitiveness in AI.

b. AI innovation and talent retention incentive scheme

Launch a coordinated incentive scheme to encourage

[1] See for example, Government of Canada, Immigration, Refugees and Citizenship Canada, Evaluation of the Global Skills Strategy (GSS), 2022.

[2] La French Tech, French Tech Visa, 2023

[3] French Ministry of Higher Education, Research and Space, Évolutions récentes du doctorat, 2021.

European AI companies to invest in university research, co-develop advanced training curricula, and recruit early-career talent. The scheme combines: EU-level grants priority from Horizon Europe for R&D partnerships, co-funded industrial chairs in AI and tax credits for companies investing in accredited AI upskilling programs.

- **Funding model:** The scheme would combine national tax incentives and EU-level support for an estimated total cost of €500 million, shared among participating Member States, including:

  Grant tax credits for R&D spending carried out through partnerships.
  Ensure priority access to EU AI funding (Horizon Europe).
  Co-fund Industrial Chairs in AI.
  Introduce a tax credit for companies investing in accredited AI upskilling or reskilling programmes for their workforce, delivered in partnership with European universities.

- **Eligibility criteria:** Eligible companies would be EU-registered AI firms that have invested at least €1M per year in R&D over the past three years and maintain minimum academic partnerships, such as formal collaboration agreements with accredited European universities.

Why it's needed

Coordinated incentives would anchor innovation and talent within Europe, accelerate technology transfer, and ensure that academic excellence translates into industrial competitiveness.

3. EU AI innovation institutes network

Create a pan-European network of applied AI research institutes to boost industry-oriented innovation, modeled after Fraunhofer and Carnot, to accelerate AI adoption. These multidisciplinary centres would collaborate with companies of all sizes through R&D contracts on industry-relevant AI projects, enabling joint participation in bilateral research initiatives and supporting the diffusion of AI innovation across Europe's industrial ecosystem.

- **Funding model:** A hybrid funding model could be inspired by successful national networks such as the Fraunhofer-Gesellschaft. Grants from Horizon Europe would secure base funding ensuring stability and alignment with European research priorities. The majority of resources, however, would be generated through competitive, project-based contracts with industry partners and public sector entities. This approach would foster direct collaboration with end-users and ensure that research remains responsive to real-world challenges and market needs.

- **Eligibility criteria:** Eligible institutes would be public or non-profit research organisations based in the EU, accredited at national or European level for their excellence in applied AI research. Participating companies would need to be Europe-based and engaged in industry-relevant AI innovation projects aligned with EU strategic priorities.

Why it's needed

With only 12% of EU SMEs using AI, [4] compared to 25% in the U.S. [5], Europe faces an AI adoption gap. A coordinated network of applied AI research institutes is essential to accelerate technology transfer, support AI adoption, and translate research excellence into industrial competitiveness.

4. EU AI talent mobility initiative

With 40% of EU companies struggling to hire AI talent [6] the EU must establish a comprehensive AI talent mobility initiative to enable large-scale, structured mobility across the AI talent lifecycle, from graduates to senior academics and industry experts.

a. Erasmus for Tech

Create an EU-wide program enabling AI and tech graduates to gain professional experience across Member States through simplified administrative procedures.

- **Funding model:** The programme would be funded at EU level, reallocating existing funds from the Erasmus+ framework and complemented by Horizon Europe where relevant.

- **Eligibility criteria:** Eligible participants would include AI and technology graduates trained in Europe, hosted by accredited companies, research centres, or public institutions based in EU Member States.

[4] Eurostat, Digitalisation in Europe, 2025.

[5] Reimagine Main Street, Beyond Efficiency: Small Businesses Look to AI for Competitive Edge, 2025.

[6] McKinsey Global Institute, A new future of work: The race to deploy AI and raise skills in Europe and beyond, 2024.

Why it's needed

A dedicated Erasmus for Tech would unlock a truly European talent pool and ensure that young experts can develop their careers wherever they are most needed in the EU.

b. Academic–industry mobility

Create a European academic–industry mobility scheme allowing professors to take a six-month fully paid or one-year partially paid sabbatical every seven years to conduct research in European AI companies. In return, participating companies would provide industry experts to teach one course per year in universities.

- **Funding model:** The programme would be fully funded at EU level, covering salary costs during the sabbatical period and supporting coordination between universities and companies, notably through Horizon Europe or dedicated mobility instruments.

Why it's needed

These sabbaticals reinforce applied research, deepen academic–industry collaboration, and enable a two-way transfer of cutting-edge expertise between European higher education and industry.

5. Empower AI students

Provide compute to a selected pool of leading European universities in computing science for their MSc and PhD graduate programs, via university-managed allocation portals. Access should be dynamic and curiosity-driven, with a fair-use cap to ensure broad availability while still enabling compute-intensive projects.

- **Funding model:** Funding would rely on ringfencing 5-10% of capacity on national and EU public AI/HPC infrastructures as a permanent educational pool, leveraging existing assets and through EU commitments to dedicate 5% of the gigafactory public-offtake to this program.
- **Eligibility criteria:** MSc and PhD students enrolled in AI-related programs at participating top European universities (for coursework, exploratory research, student projects, and theses), with an instant access via university allocation portals, with minimal validation.
- **Objective:** Train job-ready AI talent by ensuring hands-on experience with large-scale AI systems, reducing the gap between academic training and frontier AI practice.

Why it's needed

Compute scarcity is eroding academia's ability to train and retain top AI talent. Without access to large-scale experimentation, universities fall behind frontier research and talent shifts to industry and non-European ecosystems. Baseline student compute access is a simple, high-impact lever to keep Europe competitive in AI.

II.

Scale:
Unleash the full potential of the Single Market

Europe stands at a critical juncture, facing not just a challenge of scale but a deeper crisis of acceleration.

More than 50% of the world's unicorns are based in the US, compared to less than 10% in the EU, a third of which have already relocated their headquarters abroad, predominantly to the U.S.[7] This is not merely a disparity in numbers; it reflects a systemic failure where European startups, despite their potential, are forced to seek growth opportunities elsewhere. The issue runs deeper than funding gaps or market size. It's about an ecosystem that doesn't let its most promising companies flourish at home.

The fragmentation of Europe's single market into 27 distinct regulatory landscapes creates an environment where expanding from Berlin to Paris can feel more complex than entering the entire U.S. market. Additionally, Europe accounts for just 5% of global venture capital funds, compared to 52% for the US and around 40% for China.[8] As a result, European startups grow slower, exit earlier, and too often end up acquired by non-European companies or relocate entirely to access larger markets and simpler regulations.

This represents a double loss for Europe. First, we fail to cultivate homegrown tech leaders that could drive innovation, create jobs, and generate wealth across the single market. Second, and more critically, we surrender our most promising companies to other competing regions in the world, reinforcing U.S. and China dominance in the very sectors where Europe could be leading.

The solution demands a fundamental shift in how Europe supports its scale-ups. We need more harmonization to unleash the full potential of the single market, we need to create financial mechanisms that can help fill the funding gap, and, perhaps most importantly, change the narrative that scaling in Europe is impossible.

The single market remains Europe's greatest competitive asset, but it must evolve to better enable our companies to scale and compete globally. It's time to unlock its full potential

[7] PwC, The grass is greener on the other side: Why are there more unicorn companies in the United States than in Europe?, 2025.

[8] European Commission, The future of European competitiveness, Part A, A competitiveness strategy for Europe, 2024.

Key measures

6. Leverage the current momentum for simplification to streamline the EU digital regulatory framework.

The complex EU digital regulatory framework should be revised to **clarify inconsistencies, eliminate overlap, and reduce compliance efforts** without sacrificing underlying regulatory goals. The following measures should be considered:

- **Eliminate or clarify overlap** between GDPR, AI Act, Data Act, DSA, DMA, CRA, and NIS2, either via timely guidelines or targeted legislative changes to reduce the overall compliance burden.
- **Streamline documentation and impact assessment obligations** across the AI Act, GDPR, and Data Act with **common templates, aligned timelines, and unified control authorities.**
- **Create a centralized EU platform for incident notifications,** with standardized forms and deadlines (e.g., 72 hours for all "significant/severe incidents" under NIS2, GDPR, and CRA).
- **Exempt companies from redundant requirements** if they demonstrate compliance with equivalent obligations under another regulation.
- **Make the availability of implementing acts, standards, and guidelines a prerequisite** for the application of new rules.
- **Mandate assessments during the EU legislative process** to identify and resolve overlaps before legislation is finalized.
- **Clarify documentation requirements, accelerate harmonized standards, and define systemic-risk thresholds** for general-purpose AI (GPAI) under the AI Act.
- **Expand European sandboxes to GPAI developers,** allowing them to access EU-level regulatory sandboxes and conduct real-world testing beyond high-risk AI systems.

Why it's needed

Europe is leading in the regulation of digital services and technologies, setting global standards. However, the growing regulatory complexity, with overlapping horizontal and vertical legislations, risks stifling investment, growth, and innovation in Europe. A holistic revision of these rules would reduce compliance burdens while preserving the strength and effectiveness of the regulatory framework. This would clarify obligations for general-purpose AI, and expand regulatory sandboxes to foster safe, market-ready, and globally competitive European AI solutions.

7. EU AI compliance portal: implement a One-Stop Shop for standardized and centralized reporting

Create a centralized, multilingual digital portal for AI developers to generate standardized reports, access real-time guidance, and automate compliance checks across the AI Act and GDPR, drawing on the European Single Access Point (ESAP). The portal will cut SME reporting time using proportionate templates and pre-filled data.

Why it's needed

Fragmented and duplicative reporting obligations place a disproportionate burden on smaller actors and hinder innovation. Clearer, more harmonised processes would lower compliance costs and improve legal certainty.

8. A single registry for automatic recognition of corporate acts

Establish a regulation-based unified, digital-first system for the automatic recognition of corporate acts across all EU Member States, eliminating bureaucratic barriers and legal uncertainty for companies scaling within the Single Market.

- **Features**

  Automatic recognition of corporate acts:
  - All corporate acts (including incorporation documents, board resolutions, capital increases, ultimate beneficial ownership data, and director mandates) filed in one Member State are automatically recognized across the entire EU.

  This eliminates the need for apostilles, notarized copies, or translations, significantly reducing

compliance risks and operational costs for companies expanding across borders.

Digital-first approach:

- Companies file documents once through a secure, eIDAS-authenticated platform, ensuring real-time verification and validation.
- Standardized templates for statutes, resolutions, and governance documents streamline the filing process, reducing legal costs and accelerating cross-border operations.

Single EU company house portal:

- A centralized digital registry serves as the single point of access for all corporate documentation, integrating with national business registers and eIDAS for secure authentication.

- **Eligibility criteria:**

  - The system is open to all companies, regardless of size or sector, ensuring that SMEs, startups, and large enterprises alike can benefit from streamlined cross-border operations.
  - To prevent the system from being used as a conduit for non-EU entities to bypass national or Union-level safeguards while maintaining a level playing field for genuinely EU-based businesses, it is limited to companies where the ultimate control and decision-making authority reside within the EU.
    - Natural persons establishing or managing the company must be resident or established in an EU Member State.
    - For legal entities, the parent company or ultimate controlling entity must be registered and effectively managed within the EU, ensuring that strategic decisions and governance are anchored in the European legal and economic framework.

9. EU corporate banking passport

Create an EU corporate banking passport via the European Digital Identity Wallet to grant all EU-based companies a right to a basic payment account and a harmonized, digital-first KYC passporting scheme. This measure extends the Payment Accounts Directive, which currently guarantees basic payment accounts for consumers, to businesses, enabling them to open and manage accounts remotely across Member States using verified digital identities.

- **Features**

Right to a basic payment account for businesses:

- Extension of Directive 2014/92/EU: Businesses gain the same right to a basic payment account as consumers, ensuring non-discriminatory access to essential banking services across all Member States.
- Scope of services: The basic account includes payment transactions, fund transfers, direct debits, and cash deposits/withdrawals, enabling companies to manage daily operations such as payroll, tax payments, and supplier transactions.
- Companies can then open accounts in any Member State, facilitating timely payments and enhancing credibility with local partners.

Digital-first onboarding via the European Digital Identity Wallet (eDIW):

- Companies use the European Digital Identity Wallet to present verified corporate identity attributes (such as legal identity, authorised representatives, and beneficial ownership information, where available), issued or certified by trusted or qualified sources and recognised across the EU.
- The use of the eDIW eliminates physical presence requirements for opening a bank account and enables fully remote account opening and management.

- **Eligibility criteria:**

  - Open to all EU-based companies, regardless of size or sector, ensuring SMEs, startups, and large enterprises can benefit from streamlined banking access.
  - Companies must have their ultimate control and decision-making authority anchored in the EU, aligning with EU financial and regulatory standards.

Why it's needed

The EU Corporate Banking Passport is a critical enabler for the Single Market, ensuring that businesses can open and operate bank accounts as easily as consumers. By extending Directive 2014/92/EU to businesses and leveraging the European Digital Identity Wallet for digital-first onboarding, this measure reduces financial fragmentation and supports cross-border activity. It is a necessary foundation for companies in dynamic sectors to benefit fully from the single market in order to thrive, innovate, and compete on a global stage.

10. EU ESOP alignment framework

Invite Member States to adopt a flexible, subsidiarity-compliant ESOP Alignment Framework to:

- Align taxation event at sale, while respecting national tax rates: Employee stock options should be taxed only at the point of sale, not at exercise.
- Offer a standardized template for non-voting shares: Employees receive non-voting, economically equivalent shares according to an EU-standardized template, protecting scale-ups from fear of losing control or facing governance disputes.
- Enable cross-border portability for employees relocating between participating states: This guarantees the freedom of movement of workers and makes European offers competitive globally.

Why it's needed

Employee stock ownership is a key factor in attracting and retaining highly specialized talent, especially in AI and other cutting-edge sectors. For Europe to compete globally, ESOPs must ensure full mobility of employees across the Single Market, removing barriers to relocation and aligning with the EU's fundamental principle of free movement of workers. This framework is a critical step toward making European companies more attractive in the global race for rare talent.

11. SIUPassport and Hub

Create a SIU Passport by extending the European Commission's Q4 2025 proposal on savings and investments union (SIU) allowing companies to raise capital in any EU Member State without refiling documentation. SIU Passport is a regulatory mechanism that allows EU-authorized companies to raise capital across all EU Member States without refiling prospectuses or compliance documents in each jurisdiction. It leverages the existing EU authorization process to grant automatic recognition of approved documents, eliminating redundant filings, translations, and local legal fees while maintaining high standards of investor protection and regulatory oversight.

Why it's needed

Companies expanding in European countries must refile prospectuses and compliance in every EU country when they raise capital, even if they have already been approved in their home markets. This delays and increases the costs due to translations, local legal fees. Unlike funds, issuers face 27 different national regimes. The goal is to create a true single market for capital.

12. European Single Access Point (ESAP)

Extend the European Single Access Point (ESAP) to corporate filings and investors search with a centralized digital platform, the SIU Hub, for corporate filings, enabling companies to submit prospectuses, financial reports, and compliance documents once and have them automatically recognized and distributed across all EU national regulators.

Why it's needed

To date, there is no centralized filing platform; companies must manually submit documents to each national regulator's portal (France AMF, Germany BaFin), which implies high compliance cost and long hours but more importantly prevent investors to easily track or compare a company's filing, reducing transparency and trust.

13. Create an AI EuVECA Label

An AI EuVECA Label would be a certified designation for qualifying funds that commit a minimum percentage of their investments to AI and deep-tech companies. This label grants funds preferential access to public co-investment schemes (e.g., European Investment Fund, Horizon Europe), unlocking institutional capital for European AI innovation.

Why it's needed

Institutional investors, such as pension funds, insurance companies, and sovereign wealth funds, lack a clear, standardized way to identify and trust AI-focused funds. Without a "stamp of approval", these investors often avoid AI investments due to perceived risks, limiting their ability to support high-growth companies. Additionally, public co-investment schemes remain underutilized for AI, as funds lack a recognized certification to qualify for support.

14. Leveraging prudential frameworks to support EU's AI innovation agenda

As the European Union implements the 2024 Solvency II reform and advances the IORP II review, policymakers should ensure that prudential and investment frameworks actively support long-term equity investments in strategic sectors such as artificial intelligence. This does not require reopening Solvency II, but rather clarifying and broadening how emerging technologies qualify under the "long-term equity" category and ensuring consistent supervisory treatment across Member States. Similarly, the IORP II Directive should allow higher allocations to alternative investments where they align with EU strategic priorities, for example via AI-dedicated EuVECA or Strategic Investment Funds.

Why it's needed

European insurers and pension funds currently allocate less than 1% of their assets to AI and deep-tech, compared with 5-10% in the United States.[9] This under-investment reflects both structural market factors and the way prudential calibration treats AI-focused funds as high-risk, leading in practice to 30-50% capital charges [10], significantly higher than for infrastructure or green transition projects. As a result, institutional investors shy away from AI, starving Europe's innovation ecosystem of patient capital. The implementation phase of Solvency II and the forthcoming IORP II review offer a timely opportunity to correct these asymmetries without reopening primary legislation. Aligning prudential treatment of AI with other strategic sectors under the EU's Savings and Investments Union (SIU) agenda would mobilize long-term European capital for AI innovation, foster competitiveness, and reduce dependence on non-EU funding sources.

[9] European Commission, Unlocking Europe's Scale-up Potential: Pension Funds and Sovereign Wealth, 2025.

[10] European Commission, Questions and answers on the Solvency II delegated regulation, 2025.

III.

Adopt European AI across the real economy

Artificial intelligence is not an abstract promise. It is a tool that fulfills its potential when embedded in the real economy.

The most advanced algorithms, the most powerful models, are meaningless if they remain confined to labs or siloed in superficial applications. AI's true value emerges when it is deployed at scale, solving concrete challenges, whether in the most complex industrial use cases or the daily operations of SMEs.

The opportunity is even bigger considering that embedding AI in a real-world context is not just a matter of technological deployment; but can trigger a virtuous cycle of demand and supply. Every new adoption refines the technology, every real-world application accelerates research, and every successful deployment attracts more investment. In short: adoption does not just follow innovation, it drives it. The equation is simple: more adoption today means better AI tomorrow and so on.

However, Europe faces a stark reality: only 20% of EU enterprises have adopted AI [11], and a mere 11% of SMEs are leveraging its potential. Worse still, over 80% of our digital infrastructure remains dependent on non-EU [12] providers. This leaves us vulnerable to extra-territorial controls that threaten strategic autonomy and could disrupt the seamless deployment of AI technologies across the continent.

Without rapid, large-scale adoption, Europe's AI ecosystem faces stagnation, deprived of the market signals that guide investment and the real-world use cases that refine technology.

To address this issue, the solution requires a three-pronged strategy: First, public procurement must become a market-shaping tool. By mandating European AI solutions in government contracts, we send a clear signal that homegrown technology is the best option. Second, we must remove barriers for SMEs, ensuring that even the smallest firms can access, adopt, and benefit from AI through subsidies, training, and simplified procurement processes. Third, we need strategic incentives to accelerate private-sector adoption, from tax credits for companies committing to European solutions to compute vouchers that offset upfront costs.

This is not about adoption for adoption's sake. It is about ensuring that Europe's digital transformation goes fast enough and is powered by European technology, on European terms.

[11] Eurostat, 20% of EU enterprises use AI technologies, 2025.

[12] European Commission, The future of European competitiveness, Part A, A competitiveness strategy for Europe, 2024.

Key measures

15. Make EU institutions lead by example at the forefront of AI-enhanced public administration.

Position EU institutions as global leaders in AI-enhanced governance by adopting European AI solutions, demonstrating how public administration can be smarter, faster, and more citizen-centric through homegrown innovation.

- **Features**
  - EU institutions should rely on European AI solutions for internal operations, subject to strict functionality, security, and compliance criteria. Exceptions would require justification, ensuring that non-EU tools are only adopted where no viable European alternative exists.
  - The EU institutions should allocate at least €20 million annually for the development and deployment of European AI tools across EU institutions and support training programs for civil servants on AI adoption.

Why it's needed

The EU institutions hold a unique responsibility and opportunity to demonstrate leadership in the adoption of European AI solutions. By prioritizing homegrown technologies, EU institutions can simultaneously accelerate their own digital transformation and catalyze the growth of Europe's AI ecosystem. Public procurement, in this context, serves as both a market-shaping tool and a strategic lever. It can provide European technological providers with the scale, stability, and credibility needed to compete globally while ensuring that EU institutions benefit from secure, values-aligned, and cutting-edge tools. This would also send a clear market signal: Europe is committed to incubating and scaling domestic innovation.

16. Create a fully integrated EU Digital Procurement Gateway

This measure aims to remove barriers for SMEs, scale-ups, and innovative companies, ensuring transparent, efficient, and inclusive access to public contracts across the Single Market.

- **Eligibility criteria:**

Single EU procurement gateway:
Transform Tenders Electronic Daily (TED) into a multilingual, interactive, API-driven platform that centralises all EU public procurement opportunities.

- Automate publication, search and intelligent matching of tenders.
- Integrate national procurement portals through harmonised data standards, building on the Public Procurement Data Space (PPDS, launched in 2024) to create a one-stop shop for all EU-wide tenders.

AI-enabled procurement tools:
Embed AI-driven features for bid preparation guidance (e.g., templates, compliance checks), document verification (e.g., automated checks for missing or incorrect documentation), fraud detection (e.g., flagging irregularities in bids) and automated scoring aligned with EU procurement rules, reducing subjective evaluation biases.

European Innovator Procurement Passport :

- Introduce an interoperable, once-only pre-qualification system valid across all Member States: Companies self-declare eligibility via a standardized digital form, with only the winning bidder required to submit full documentation.
  - The passport integrates with national business registries for instant verification and remains valid for two years across the EU self-declaration via a standardised digital form.
- Lightened access conditions for innovative companies : Cap turnover requirements at twice the contract value to include high-growth companies and remove disqualification for lacking non-essential certifications.

Generalise the Most Economically Advantageous Tender (MEAT) standard:
Replace the lowest-price criterion (used in 55% of procedures [13]) with MEAT, emphasizing quality, innovation, and sustainability alongside cost.

Payment efficiency:

- Extend Directive 2014/55/EU to require e-invoicing for all public procurement contracts, regardless of size, using the EU standard (EN 16931).

[13] European Commission, Strategic Public Procurement, 2017.

- Enforce the Late Payment Directive (2011/7/EU) with automatic penalties for late payments, addressing one of the main deterrents for SMEs and scale-ups.

Why it's needed

Public procurement is a €2 trillion annual market and a critical lever for innovation, scaling, and EU competitiveness [14]. Yet, access complexities, slow payments, and rigid criteria lock out fast-growing, innovative companies. In particular, analyses [15] from the European Commission, European Parliament, and other bodies consistently highlight that excessive qualification criteria, bureaucratic burdens, and lack of transparency disproportionately affect SMEs, discouraging them from participating in public procurement. This reform unlocks innovation by making procurement accessible to scale-ups and fast-growing firms. It also boosts competition by reducing administrative burdens and payment delays, attracting more bidders and driving better value and outcomes.

17. Establish a targeted European preference mechanism in public procurement for strategic sectors

Establish a targeted European preference mechanism in public procurement for strategic sectors, using public spending to strengthen technological autonomy, economic security and industrial competitiveness.

- **Scope**

  In line with Article 4(1) of Regulation (EU) 2019/452, the mechanism will prioritize:

  - **Critical infrastructures:** energy, transport, water, health, communications, media, data processing/storage, aerospace, defence, electoral infrastructure, financial infrastructure, and sensitive facilities.
  - **Critical technologies:** AI, robotics, semiconductors, cybersecurity, aerospace, defence, energy storage, quantum, nuclear technologies, nanotechnologies, and biotechnologies.
    - This list is not exhaustive and should evolve to encompass strategic dynamics and emerging priorities.

- **Eligibility criteria:**

  To benefit from the preference mechanism, bidders must qualify as European-controlled companies, based on three cumulative criteria:

  Establishment and corporate seat in the EU:
  The company should be incorporated in an EU country under its national law and maintain its registered office, central administration, or principal place of business within the EU.

  European control and decisive influence
  - The company should be directly or indirectly controlled by natural persons who are nationals of a Member State or legal persons established in a Member State that themselves qualify as European-controlled.
  - Control means the ability to exercise decisive influence over strategic decisions (majority of voting rights, right to appoint/dismiss a majority of the administrative, management, or supervisory body, veto rights or special rights decisive for the long-term direction of the company).
  - No third-country natural or legal person holds rights or influence amounting to decisive control.

  Substantial operations in the EU
  The company should have significant economic activities within the EU, including :
  - A material proportion of workforce, R&D, or value creation located in Member States.
  - Effective and permanent management/decision-making functions in the EU.
  - A material proportion of production, data processing, deployment, or service delivery within the EU.

  Exception
  Public entities may procure from non-EEA providers when:
  - No suitable EU alternative exists.
  - Urgent public interest demands it.
  - System interoperability requires it.

Why it's needed

Public procurement is an investment in Europe's future.
- First, by prioritizing European providers in strategic sectors, this mechanism scales homegrown leaders, turning public demand into a catalyst for innovation, jobs, and industrial leadership.

[14] European Court of Auditors, Special report: Public procurement in the EU, 2023.

[15] See for examples, European Parliament, Report on Public Procurement (A10/2025/0147), 2025; and European Commission (DG GROW), Analysis of SMEs' Needs in Public Procurement, 2021.

- Second, while 80% of Europe's digital infrastructure and technologies are imported [16] this initiative ensures that critical technologies are developed, controlled, and deployed under European standards, for the benefit of European citizens' data protection in particular.
- Third, it reduces Europe's exposure to risks such as disruption, undue influence, or misuse, stemming from reliance on foreign-controlled infrastructure or technologies in key sectors.

18. Integration of environmental criteria in public procurement

Establish a sustainability reporting and incentive framework requiring all AI providers operating in the EU with annual revenues exceeding €500 million to submit standardized, third-party-verified life-cycle assessments covering the full life cycle of their AI systems as a prerequisite for eligibility for public procurement contracts.

Features

- **Scope:** All AI providers with annual revenues exceeding €500 million must submit annual sustainability reports covering the full lifecycle of their AI systems.
- **Reporting obligations:** These reports will include a Life cycle assessment (LCA) with a large scope, encompassing not only carbon footprint but also water usage, and abiotic resource depletion.
- **Location-based impact assessment:** The calculation should be location-based, meaning that the environmental impact is calculated based on the actual energy mix and infrastructure used in the development and deployment of AI systems. Therefore, it will ensure that transparency requirements reveal real-world carbon intensity rather than "paper" reductions driven by market instruments.
- **Integration with the AI Act :** All of these elements will be integrated in the technical documentation as described in Article 53 of the AI Act.

Why it's needed

Current reporting standards often lack granularity, transparency, or real-world applicability, leading to "greenwashing" and misaligned incentives. By mandating comprehensive, location-based sustainability reporting for public procurement access, the EU can drive accountability, incentivize innovation in sustainable AI, and align public procurement with climate goals.

[16] European Commission, The future of European competitiveness, Part A, A competitiveness strategy for Europe, 2024.

IV.

Power Europe with local infrastructure and data

While the continent has made significant strides in AI research and regulation, its infrastructure, the backbone of AI development, remains a weak point.

Traditional data centers, designed for general-purpose cloud computing, are ill-equipped to handle the demands of frontier AI models, which require ultra-dense, high-performance compute infrastructure. Without this infrastructure, Europe risks falling further behind the United States and Asia, deepening its dependency on non-European hyperscalers for everything from model training to industrial applications. As AI is not just another technological advancement, building AI-ready infrastructure is a foundational capability that will shape Europe's economic competitiveness, strategic autonomy, and ability to address global challenges, from climate change to healthcare. Yet today, most of Europe's AI workloads run on infrastructure controlled by foreign providers, leaving the continent vulnerable to geopolitical risks, supply chain disruptions, and the loss of economic value. If Europe fails to act, it could cede leadership in AI to others, missing out on the productivity gains, innovation, and jobs that come with it.

Europe has the resources, expertise, and ambition to build its own AI future, aligned with its values. The key lies in ultra-dense, high-performance compute infrastructure, purpose-built for the demands of next-generation AI.

The infrastructure required for frontier AI is fundamentally different from what exists today. Modern AI models demand power densities of 100 kW per rack or more, far beyond the capabilities of traditional data centers.

They require advanced cooling systems, such as liquid cooling, to manage heat loads efficiently, and they must be scalable to keep pace with the rapid evolution of AI. Most importantly, this infrastructure must be controlled by European entities to ensure that strategic decisions, economic benefits, and data governance remain in Europe. By investing in ultra-dense, independent AI infrastructure, Europe can reduce its dependencies on non-European hyperscalers, ensuring that its AI ecosystem is resilient and self-sufficient. It can also turn its energy abundance, from nuclear to renewables, into a competitive advantage, powering AI innovation with sustainable, low-carbon energy. This will create high-value jobs in tech, energy, and manufacturing, while fostering a new generation of European AI leaders. Finally, doing so will allow the European Union to align AI development with its climate goals, by building infrastructure that is not only powerful but also energy-efficient and sustainable.

The question is no longer whether Europe should build this infrastructure, but how to do it quickly, efficiently, and at scale. To seize this opportunity, Europe must adopt a coordinated, forward-looking policy approach that prioritizes ultra-dense, European-controlled AI infrastructure. This requires action on multiple fronts:

1. Setting the standard for AI-optimized infrastructure

Europe needs clear, ambitious standards for what constitutes AI-ready infrastructure. This means defining technical requirements that go beyond traditional data centers:

- Power density thresholds (≥100 kW per rack) to ensure that only infrastructure capable of supporting frontier AI qualifies for public support.
- Energy efficiency standards to align with Europe's climate goals and reduce operational costs.
- European ownership and control, ensuring that the infrastructure and the data it processes remains under EU jurisdiction.

These standards should be embedded in public funding programs, procurement policies, and energy allocation strategies, creating a level playing field that favors innovation and sovereignty over legacy systems.

2. Mobilizing public and private investment

Building ultra-dense AI infrastructure requires significant upfront investment, but the long-term benefits (economic growth, technological leadership, and strategic resilience) far outweigh the costs. Policymakers can accelerate deployment through:

- Long-term offtake agreements, where governments pre-commit to purchasing AI compute capacity from European providers. This provides the demand certainty needed to attract private investment and scale infrastructure rapidly.
- Public procurement policies that prioritize ultra-dense, sovereign infrastructure for critical workloads, from scientific research to public services.

By leveraging public funds strategically, Europe can ensure that its AI infrastructure is built to last.

3. Aligning energy policy with AI needs

Europe's energy resources (nuclear, wind, hydro, and solar) are a strategic asset for AI development. However, these resources must be allocated in a way that maximizes their impact. This means:

- Prioritizing ultra-dense AI data centers in energy planning, ensuring they have access to the low-carbon power they need to operate sustainably.
- Streamlining permitting and grid connections for high-performance data centers, reducing bureaucratic hurdles that slow down deployment.
- Fostering partnerships between AI providers and energy companies, to co-develop infrastructure that is both powerful and sustainable.

Europe's energy transition and its AI ambitions are two sides of the same coin. By aligning them, policymakers can create a virtuous cycle: AI infrastructure that supports the green transition, and a green transition that powers AI innovation.

4. Fostering collaboration and innovation

No single country or company can build Europe's AI future alone. Success will require collaboration across borders and sectors:

- Public-private partnerships to co-develop and deploy ultra-dense data centers, leveraging the strengths of governments, energy providers, and tech companies.
- Investment in R&D to advance cooling technologies, chip design, and interoperability, ensuring that Europe remains at the cutting edge of AI infrastructure.
- Skills development programs to prepare the workforce for the AI-driven economy, from data scientists to infrastructure engineers.

Europe's diversity is one of its greatest strengths. By fostering collaboration, policymakers can ensure that AI infrastructure is distributed across the continent, creating hubs of innovation in every region.

Key measures

19. Embed a specific European AI criteria in public procurement for compute infrastructure

The revision of the public procurement framework as defined in Measure 17, should also be complemented by a specific preference for AI infrastructure projects within the Cloud and AI Development Act (CAIDA).

- **Procurement criteria:**
  - **Open and interoperable AI models:** Open-source or dual-licensed models, ensuring transparency, interoperability, and freedom from vendor lock-in.
  - **Data residency:** Data residency guarantees, requiring that data storage and processing for the relevant workloads take place in the EU, under EU jurisdiction with effective technical and contractual safeguards against unauthorized access or transfer.
    - Infrastructure must be physically and legally anchored in the EU, including in terms of majority voting rights.
  - **Energy efficiency and sustainability:** Energy efficiency (PUE <1.3), aligning with Europe's climate goals and reducing operational costs.
  - **AI-readiness and scalability:** AI-readiness, with specialized hardware and scalability for frontier models. These criteria should initially apply to all public-sector contracts, with a phased extension to critical sectors such as healthcare, defence, and energy.

- **Scope of application:**
  - **A European training requirement:** AI model training conducted within the EU should take place on EU-established cloud and certified infrastructure. Above a defined compute threshold, it should be performed exclusively on EU-established cloud and compute infrastructure certified under CAIDA, particularly in the public sector and in high-criticality use cases.
  - **Certification and scope:** Eligible providers must be established in the EU, operate under EU jurisdiction, ensure data residency for the relevant workloads, and comply with applicable security requirements. Certification shall remain technology-neutral and proportionate to the level of risk. Eligible providers must demonstrate EU jurisdictional control, data residency, security compliance. Certification shall be technology-neutral but geographically anchored.
  - **Industrial scaling measures:** pair the Act with coordinated investment in European compute capacity (such as Gigafactories), long-term offtake commitments, and pooled public-private training clusters.

- **Catalyze private-sector adoption:**

  Public procurement alone won't suffice. To ensure Europe's AI infrastructure becomes the default choice for all, we propose:

  - A 20% tax credit for businesses adopting certified European AI infrastructure, with enhanced support (30%) for SMEs and strategic sectors to ensure broad participation.
  - Compute vouchers for SMEs, distributed through national promotional banks (e.g., Bpifrance, KfW, CDP), to offset upfront costs and encourage adoption.

Why it's needed

Europe's ambition to lead in AI is constrained by its dependence on non-European compute infrastructure. Today, the vast majority of advanced AI training and deployment relies on cloud and hardware providers headquartered outside the EU. This exposes European innovators, from startups to industrial champions, to strategic vulnerabilities: unpredictable costs, extra-territorial legal risks, and limited control over the technological stack. Traditional cloud infrastructure, designed for general-purpose computing, is ill-suited for the demands of frontier AI models, which require massive, specialized, and energy-efficient compute resources. This mismatch slows down innovation, increases costs, and forces reliance on foreign providers that may not align with EU values or regulatory standards.

20. Ensure competitive training of frontier AI models in Europe

Establish a future-proof, equitable legal framework for the training of AI models in Europe, which is a sine-qua-non condition to ensure Europe's global competitiveness in AI and strengthen the European creative economy.

- **Features:**
  - The mechanism consists of a revenue-based levy applied to all commercial providers placing AI models on the market or putting them into service in Europe, reflecting their use of content publicly available online. This levy would apply equally to providers based abroad, creating a level playing field. The proceeds would flow into a central European fund dedicated to investing in new content creation, and supporting Europe's cultural sectors.
  - In return, AI providers are shielded from liability for training on materials accessible on the web. This mechanism would not replace licensing agreements or the freedom to contract. On the contrary, licensing opportunities should continue to develop and expand beyond training.

Why it's needed

The legal uncertainty caused by Europe's restrictive copyright framework compared to other world regions significantly harms Europe's global competitiveness both in the development of frontier AI models and in its transition to an AI-based economy. As a consequence, Europe risks long-term dependence on foreign developed AI models and with it a loss of strategic economy as well as the erosion of linguistic and cultural diversity. Both the wider European economy and, especially, the European creative industries stand to benefit from legal certainty that would drive economic activity and much-needed investment in Europe.

21. European Data Commons Initiative (EDCI)

Create a European data-sharing framework where companies contribute pseudonymized, FAIR-compliant datasets to a centralized portal in exchange for tangible economic and strategic assets, in order to accelerate applied AI research and development.

- **Data sharing requirements:**
  - **FAIR standards:** All shared data must be Findable, Accessible, Interoperable, and Reusable to ensure maximum usability for AI training and research.
  - **Pseudonymization:** Data is pseudonymized to ensure compliance with GDPR.
  - **Centralized portal:** Data is hosted on European-controlled platforms ensuring secure, controlled access with differentiated permissions (open for non-sensitive data, restricted to contributors for high-value datasets).

- **Incentives for sharing:**
  - **Financially, alternatively:**
    - Companies receive compute credits on public-funded compute capacities in exchange for their datasets. Compute credits are proportional to the market value of the dataset, ensuring a fair exchange.
    - Or, companies receive a 30% tax credit on the value of the dataset plus any additional costs for pseudonymization and standardization. Valid for 3 years, renewable with each new dataset shared.
  - **"European Data Pioneer" label:** Companies that regularly contribute data receive a label that signifies their commitment to data sharing and innovation. This label is a preferential criterion for accessing EU public funding (e.g., Horizon Europe) and a performance criterion in public procurement processes across every EU member states.
  - **Early/discounted access to AI innovations:** Contributors gain priority or discounted access to AI models, tools, or products developed using the pooled EDCI data, therefore directly benefit from the collective intelligence generated by shared data, to accelerate their own innovation cycles.

Why it's needed

- Europe's private sector holds vast, untapped data resources, critical for AI innovation but often locked away due to legal, technical, and competitive barriers.[17] Without a structured framework, Europe risks falling behind in the global AI race, as companies hesitate to share data that could fuel breakthroughs in health, energy, and mobility and other key strategic sectors.
- The EDCI, which builds on and intensifies the existing Common European Data Spaces, solves this by providing clear, valuable incentives (compute, tax credits, market

[17] See for example, Applied AI Institute for Europe, Generative AI in the European Startup Landscape 2024, 2024

access) to encourage data sharing, keeping data under European control, creating a virtuous cycle where shared data improves AI innovations, benefiting all participants, and ensuring a level-playing-field by giving SMEs and startups access to resources they couldn't afford alone, while offering large firms strategic advantages. With EIDC, Europe can turn private sector data into a collective strategic asset.

22. Create a centralized and AI-ready archive for AI training and cultural preservation

Create a centralized, multilingual repository of public domain works to provide high-quality training data for AI models, preserve Europe's cultural heritage, and reduce dependency on non-EU datasets.

The EU should establish a centralized archive of public domain works, designed to support AI development while safeguarding Europe's cultural and linguistic heritage. This initiative would complement existing European AI infrastructure, including ALT-EDIC and the Language Data Space. While ALT-EDIC plays a key role in coordinating language technology development, there remains a unique opportunity to create a large-scale, curated, and reusable dataset specifically optimized for AI training.

The proposed archive would aggregate, digitize where necessary, and structure public domain materials from across Europe into standardized, AI-ready datasets. This initiative would therefore support both the digitization and AI-oriented preparation of these materials.

- The archive would include all materials released under the Public Domain Mark, through a single platform, ensuring permanent and unrestricted reusability for AI training, such as:

    - **Literature:** Digitized books, poetry, and plays that are part of the public domain.
    - **Public speeches:** Audio recordings from European institutions and their translations across EU languages.
    - **Art and historical records:** Paintings, photographs, archival materials, and museum collections in the public domain.
    - **Scientific data:** Outputs from publicly funded research and open scientific datasets.

Why it's needed

A significant amount of Europe's cultural heritage remains undigitized,[18] leaving vast amounts of publicly owned cultural and scientific material inaccessible for AI training. Accelerating digitization therefore remains a major challenge for Europe's digital and cultural infrastructure. A centralized archive would strengthen the data foundations of European AI, support the EU's open model ecosystem, and help ensure the long-term preservation and visibility of Europe's cultural heritage.

[18] See Europeana, Access to Digital Resources of European Heritage, 2017.

Mistral AI

Mistral AI is a pioneer company in generative artificial intelligence, empowering the world with the tools to build and benefit from the most transformative technology of our time.

The company democratizes AI through high-performance, optimized, and cutting-edge open-source models, products and solutions as well as end-to-end infrastructure with Mistral Compute. Headquartered in France and independent,

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