

CHAPTER

EUROPE'S DIGITAL SOVEREIGNTY

As AI reshapes the global balance of power, digital sovereignty has become a key challenge for Europe.

From sovereign AI and cloud infrastructure to digital identity and open technologies, Nexus Luxembourg 2026 explored how Europe can strengthen its technological independence while remaining open, innovative and competitive.

"SOVEREIGNTY **ISN'T** ABOUT BORDERS"



Opening the third Nexus Luxembourg, Prime Minister Luc Frieden called for "AI of Europe, by Europe and for Europe". Alongside Lydie Polfer and Carlo Thelen, he advocated European technological sovereignty based on values, infrastructure and investment.

Thierry Labro, Journalist
Julian Pierrot, Photograph

Luxembourg opened the third Nexus Luxembourg with the ambition of making Europe an AI leader alongside the United States and China. Prime Minister Luc Frieden, Luxembourg Mayor Lydie Polfer and Chamber of Commerce Director General Carlo Thelen championed technological sovereignty, infrastructure, investment and swift implementation.

"Welcome to Luxembourg. Welcome to a pro-European, pro-business, pro-tech and pro-AI culture," said Luc Frieden to the participants at Nexus Luxembourg. The head of government emphasised the need for Europe not to remain a bystander in the global race for AI. "This is not just a race between the United States and China. Europe has an important voice in this race," he stated, calling for "AI of Europe, by Europe and for Europe".

The prime minister believes that AI must reflect European values. "Europe is known throughout the world for its values and principles: freedom, human rights, democracy and the rule of law," he pointed out. "Progress needs meaning." Luc Frieden also emphasised that AI should not replace humans but "help humans to be more efficient and make better decisions". "Humans must make the final decision and will continue to do so," he insisted, referring to "human dignity" as an "intrinsically European value".

Central to the government's message was also the concept of technological sovereignty. "Sovereignty is not just a matter of borders. Being sovereign means being free to make one's own choices," said Luc Frieden. In the age of AI, he believes this means "controlling the data, the cloud, the models and the backend". "The question is who owns the data, who operates the cloud and who builds the models."

"Promoting European leaders in strategic fields such as AI is not a protectionist argument."

The prime minister was careful, however, to distinguish this approach from a protectionist mindset. "I am not advocating a 'fortress Europe'," he stated. "Promoting European champions in strategic fields such as AI is not a protectionist argument. It is a pro-competition argument." In his view, Europe must be able to offer "European alternatives capable of competing with foreign companies".

A balance between innovation and regulation

Luc Frieden also advocated striking a balance between innovation and regulation. "AI cannot remain a completely unregulated environment," he said, whilst warning against "over-regulation". "We need general safeguards to ensure that AI solutions remain within a framework aligned with our values."

The head of government highlighted three priorities to ensure Europe can

hold its own in global competition:

"Scale, speed and investment."

"We must be faster," he insisted, calling on businesses to integrate AI "into their core operations" and on governments to stimulate demand through public procurement. He cited the contract signed by the Luxembourg government with Mistral AI as an example of this strategy, as well as several pilot projects designed to use AI to help citizens understand legislation or to map the skills available in the labour market.

Luc Frieden also put the issue into a European financial context.

"We have around €12trn in household savings sitting idle in European banks," he pointed out. In his view, part of these savings should be redirected towards funding tech start-ups and AI, as part of the Savings and Investment Union (SIU).

Carlo Thelen welcomes a €200bn European plan

In a highly confrontational speech, Carlo Thelen He, too, placed digital

"We have always been successful in this country when we have adapted early on and opened up to the wider European market."

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sovereignty at the heart of the debate. "AI is not just changing the way we work. It is changing who controls the infrastructure, the data and decision-making," said the director general of the Chamber of Commerce. "If Europe's critical systems rely on models built and controlled elsewhere, then Europe does not truly control its own future."

"The United States has developed 40 [fundamental AI] models, China 15, and Europe, as a whole, three. That's not a gap; it's a chasm."

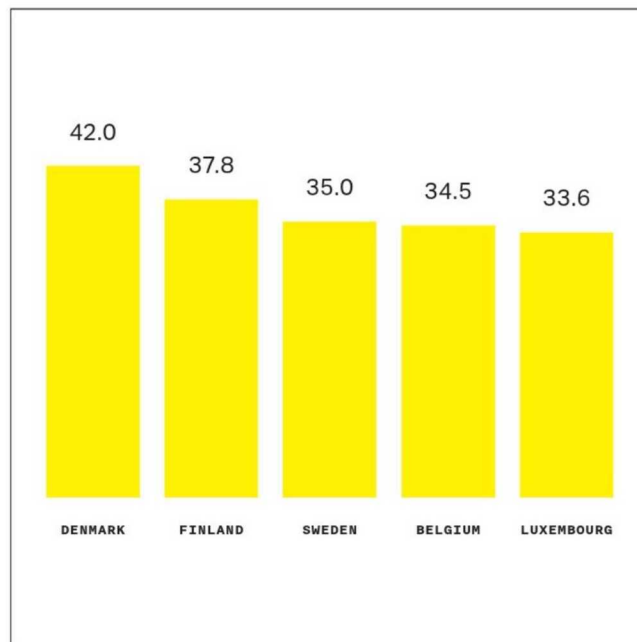
Carlo Thelen hailed the European plan to invest €200bn in AI as "a historic initiative" aimed at strengthening European technological sovereignty. He also cited the recent €180m tender awarded by the European Commission to several European sovereign cloud providers, including Luxembourg-based companies.

The business leader particularly emphasised Europe's lag in fundamental AI models. "The United States has developed 40 models, China 15, and Europe, as a whole, three," he said. "That's not a gap, it's a chasm."

For Carlo Thelen, European sovereignty "does not mean isolation". "It means having the ability to make our own choices and to engage with the world on our own terms and according to our own values." The Director General of the Chamber of Commerce also highlighted Luxembourg's investments in high-performance computing, AI and quantum computing, referring in particular to the future AI-optimised supercomputer expected in early 2027.

"We have the right blueprint, but now we need to build the house," he summarised, noting that the widespread adoption of AI by Luxembourg companies was still insufficient.

AI ADOPTION IN EUROPE, TOP 5



Share of enterprises using AI technologies, 2025.

"Last year, I said that we must be builders, not users. Today, I'm going one step further: we must be builders, not passengers."

Crucial international matches

Lydie Polfer emphasised the international role that Luxembourg's capital is seeking to play in technology and innovation. The mayor welcomed the presence of numerous foreign delegations and reiterated that the City of Luxembourg wished to continue supporting initiatives that would strengthen the country's economic and technological appeal. She also highlighted the importance of the

international meetings organised as part of Nexus in connecting businesses, start-ups, investors and public institutions.

The official opening of Nexus Luxembourg has thus confirmed the Grand Duchy's position as a European hub seeking to combine technological sovereignty, international appeal and European integration. "We have always succeeded in this country when we have changed early on and opened up to the wider European market," noted Luc Frieden, citing steel, the media, satellites and investment funds in turn. "We will do the same with AI and technology." ●