AmCham GERMANY

Position Paper

Digital Sovereignty Through Openness

Why Germany's Digital Future Depends on Transatlantic Partnership, Global Scale, and Open Markets

A Position Paper by the Digital Policy Committee, American Chamber of Commerce in Germany e.V. (AmCham Germany)

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Preamble

The American Chamber of Commerce in Germany (AmCham Germany) is the voice of transatlantic business – an association of companies and individuals based in Germany, Europe, and the United States who foster relationships built on a strong foundation of partnership. This partnership is based on longstanding social, cultural, and economic interdependencies and the common interests of our two countries. Companies active on the transatlantic level employ around 1.5 million workers in both economic areas. We advocate for a transparent dialogue and are committed to transatlantic values: freedom and human rights, democracy and the rule of law, free trade, and competition.

Executive Summary

Digital sovereignty has become a defining issue for Germany's economic strength and political capacity to act. In the digital age, it is imperative for advanced nations to define their approach to digital sovereignty, as it fundamentally determines how citizens live, how businesses operate, and how political systems function.

AmCham Germany is convinced that these strategic choices made by the German government be anchored in the principles of the Social Market Economy, ensuring that technological progress remains a driver for both economic opportunity and social stability.

The current debate reflects a legitimate and understandable desire for greater control, security, and resilience in an increasingly complex and volatile geopolitical landscape. In the public debate, however, sovereignty is sometimes misinterpreted as absolute and comprehensive technological self-sufficiency.

AmCham Germany fully shares the goal of ensuring that European governments, businesses, and citizens can act independently, securely, and effectively in a globally connected digital ecosystem and thus advocates a capability-based understanding of digital sovereignty.

Since the German and U.S. economies are already inextricably linked through shared innovation and supply chains – US-Businesses secure approximately 656,600 jobs[1] in Germany – the path to achieving true digital sovereignty lies in our continued partnership and deep economic integration. German and U.S. companies are indispensable partners in building innovative, secure, and competitive digital ecosystems.

[1] Transatlantic.amchameu.eu (2025): https://transatlantic.amchameu.eu/wp-content/uploads/2025/03/Transatlantic_Economy_2025_web.pdf?utm_source

Digital Sovereignty as Capability and Choice

Digital sovereignty should be defined as the practical capability to govern, operate, and innovate in the digital domain under standards and rule of law. It requires:

- Legal certainty and compliance with European law.
- Operational resilience and cybersecurity.
- Technological flexibility and freedom of choice.
- Access to best-in-class solutions and global innovation cycles.

True resilience depends on technological diversity and interoperability. Sovereignty is not created by replacing market solutions with state-led projects, but by ensuring the practical power to choose – and change – providers:

- **A Human-Centric Approach:** Sovereignty is about empowering businesses, public sector and especially citizens with the best digital tools and IT-solutions available.

- **Technical reality**: Control without isolation is best achieved through compliance with global certification standards and architectural security measures. This can be facilitated by employing multi-cloud strategies, encryption, and zero-trust architectures - or, in clearly defined, security-critical areas, by using encapsulated solutions.

The Economic Value of the Transatlantic Relationship

Businesses active in transatlantic trade and development are a cornerstone of Germany's economic ecosystem. In 2024, American companies accounted for the largest single share of foreign direct investment projects in Germany with **229 projects**. The total U.S. investment stock in Germany stands at roughly **$226.8 billion**[2].

• **Investment and Employment:** The 30 largest U.S. employers alone secure approx. 310,000 German jobs [3].

• **The AI Opportunity:** As highlighted in the **Draghi Report (2024)**[4], 75% of AI value creation potential resides at the application layer. To unlock a potential **€1.2 trillion boost to EU GDP**, European innovators must have unhindered access to world-class models and global compute capacity.

[2] Statista (2025): https://de.statista.com/statistik/daten/studie/1383893/umfrage/kapitalbestand-der-direktinvestitionen-zwischen-den-usa-und-deutschland/?utm_source

[3] [3] AmCham Germany Ranking of the 30 largest US-employers in Germany, (2025): https://www.linkedin.com/posts/amcham-germany_did-you-know-the-30-largest-us-employers-activity-7416799564554403841-invh?utm_source

[4] **The Draghi Report** is a report prepared by Mario Draghi on behalf of the European Commission on **"The Future of European Competitiveness" (2024)**. It analyzes and recommends measures to strengthen the competitiveness and economic performance of the European Union.

• **Commitment to Local Infrastructure:** The substantial investments made by global providers in digital and AI infrastructure in Germany and other EU member states underscore their deep roots in the region and demonstrate a clear commitment to Germany and Europe as business hubs.

Transatlantic cooperation and transatlantic partnerships between businesses do not weaken European sovereignty. It amplifies Europe's ability to shape global standards and defend its interests together with like-minded democracies.

The Risks of Digital Protectionism

The growing emphasis on „Buy European only", "Local content requirements" - or „European preferences" policies poses serious risks to the innovative capacity of Germany's industrial base. A protectionist interpretation of independence and sovereignty entails structural and economic drawbacks. These manifest themselves in higher costs and a slower pace of innovation. Furthermore, the lack of geographical redundancy leads to reduced (cyber) security and resilience.

• **Higher Costs:** Excluding global providers weakens competition and innovation and leads to higher costs for industry and taxpayers.

• **Fragmentation:** Diverging from global standards hampers economies of scale and increases compliance costs for German exporters.

• **The Growth Paradox:** Restricting access to global AI ecosystems could cause potential economic gains to collapse by two-thirds [5].

Artificial Intelligence: Sovereignty Requires Access to Global Ecosystems

AI is a key foundational technology of the 21st century that will determine future prosperity. Sovereignty in AI does not mean developing everything domestically, but ensuring access to world-class solutions, compute capacity, data, and talent.

Limiting access to global AI ecosystems would leave German industry at a structural disadvantage at the exact moment when AI is reshaping the global economy.

[5] Implement Consulting Group. (2024): https://cms.implementconsultinggroup.com/media/uploads/articles/2024/The-economic-opportunity-of-generative-AI-in-the-EU/The-economic-opportunity-of-AI-in-the-EU.pdf?utm_source

Data Flow and Data Access: Architectural Safeguards and Control

Open and efficient data flows, along with appropriate access and security measures, are key drivers of economic growth, innovation, and competitiveness, and are essential for unlocking the full potential of the Digital Single Market. The ability to securely exchange and use data across borders strengthens European and U.S. companies, promotes transatlantic cooperation, and thereby supports their global competitiveness.

• **Technical Safeguards:** Concerns regarding data access are legitimate and should be addressed through technical reality, architectural safeguards and ensure control through certifications without requiring isolation or data localization.

• **Collaborative Security:** Sovereignty can be advanced through joint validation and standards rather than exclusion.

• **Harmonizing Mandates:** Sovereignty must be reconciled with the cybersecurity requirements of NIS2 [6] and DORA [7]. Artificially restricting security data flows – which consist of machine signals, not personal data – undermines the state-of-the-art protection that European law requires. A unified approach to cybersecurity telemetry is essential for a resilient Digital Single Market.

Open Markets Instead of Closed Markets: Leverage Transformation of Public Administration

Public sector transformation requires a shift away from siloed solutions.

The Five Pillars of Sovereign Digital Infrastructure – efficiency, security, interoperability, flexibility, and standardization – form the foundation of technological independence.

• **Government as Enabler:** Governments should set rules and standards, ideally adhering to global or at least EU-wide harmonized standardization while leveraging market-ready solutions.

• **Avoiding Isolation and Vendor Lock-in:** Sovereignty is best achieved through open standards and modular architectures. Attempts to create walled digital markets risk reproducing the very dependencies they claim to avoid – only with less innovation and higher costs.

[6] The **NIS2 Directive** is an EU directive aimed at strengthening the cybersecurity of critical and important entities in the European Union. It establishes minimum requirements for security measures, risk management, and reporting obligations for cyber incidents.
[7] The **Digital Operational Resilience Act (DORA)** is an EU regulation designed to strengthen the digital operational resilience of the financial sector in the European Union. It sets requirements for IT risk management, incident reporting, and the oversight of IT service providers.

Open Source as Part of a Diverse Digital Ecosystem

Open-source software is a vital component of digital ecosystems, but it is not a substitute for market diversity. While it plays an important role, it has specific technical and operational disadvantages.

Sovereignty requires the competence to select the best solution for each use case - open source is a valuable tool, but not a panacea for digital independence.

Policy Recommendations: Strategic Clarity and Trust

Digital policy should define sovereignty as the ability to control technology. This is achieved through verifiable security measures and operational transparency.

A. No procurement requirements based on country of origin

Public procurement must remain technology-neutral. Above all, a supplier's country of origin must not be a decisive criterion for sovereignty or market access.

Public sector clients' concerns regarding data access are understandable. These should be addressed through verifiable, contractual security measures and technical architecture, thereby forming the basis for sovereignty criteria in public procurement. This applies to both national and ongoing legislative initiatives within the European Union (including the Procurement Acceleration Act, the Public Procurement Omnibus, the Defense Readiness Act, and the Cloud and AI Development Act).

B. Address the "Kill-Switch" Debate with Technical Reality

State of the art IT architectures are designed for resilience and customer control, including data portability [8] and encryption that prevent unilateral interference. Vendors can further demonstrate compliance requirements by delivering solutions aligned with key foundational, EU and country certifications and standards.

C. Ensure the Free Flow of Data and Regulatory Consistency

Policymakers should ensure a clear distinction between general personal data and the machine-generated signals necessary for threat detection. The free flow of non-personal data is of particular importance for cybersecurity. This ensures that European companies can meet their high security obligations under NIS2 and DORA. Furthermore, Germany must adopt definitions and requirements

[8] **Data portability** refers to the right or ability to obtain personal data in a structured, commonly used, and machine-readable format and to transfer it to another service or provider without losing the usability of the data.

that are moderate and aligned as closely as possible with global security criteria and the state of the art. Sovereignty criteria that ultimately aim to carve out a special path weaken access to high technology and the capacity for innovation.

D. Ensure AI Policy Preserves Access to Global AI Ecosystems

Restricting access to global AI ecosystems would directly undermine Germany's productivity. German industry must remain part of the global innovation cycle to stay competitive.

E. Promote Interoperability and Open Standards

Public IT strategies should promote open, globally compatible standards, interoperability, and portability. We recommend this to ensure that isolated systems do not emerge within public administration and that European technology leaders can develop their innovations based on globally scalable solutions.

F. Provide Clear Guidance to Public Administration

The German federal government should ensure that municipal and state procurement policies do not rely on unfounded security assumptions or origin-based exclusions.

Conclusion

Digital sovereignty is not a zero-sum game between Europe and the rest of the world. In light of rapid global developments, economic and technological openness is necessary to preserve and strengthen our capacity for innovation. For Germany, the most resilient path lies in combining European rules with global cooperation and open market competition. This means: risk-based criteria and needs-based security for the private and public sectors instead of market exclusion.

The U.S. and Europe share the same principles of the rule of law. Companies on both sides of the Atlantic benefit from open and secure markets. The transatlantic digital partnership offers a unique opportunity to play a key role in shaping a global blueprint for trustworthy innovation and to develop groundbreaking "secure-by-design"[9] technologies that firmly embed resilience and the rule of law into the fabric of our digital future.

Germany's capacity for innovation - and thus its economic growth - is not determined by who is excluded, but by how confidently, rule-based, and openly we interact with the world.

[9] **Secure-by-Design** technologies are systems or software that are developed with security mechanisms from the outset in order to minimize vulnerabilities and reduce risks throughout the entire lifecycle.

Appendix: Facts on Transatlantic Economic Integration

I. Sector-Specific U.S. FDI Stock in Germany in 2023[10]

- **Manufacturing:** ~$37 billion
- **Professional, Scientific & Technical Services:** ~$15 billion
- **Finance:** ~$13.8 billion
- **Information Technology:** ~$12 billion
- **Machinery:** ~$9.4 billion

II. Innovation Investment

- The top 135 U.S. companies in the global Top 500 invested **$524 billion** in innovation in the latest year (2025) [11].

[10] US-StateGov (2025): https://www.state.gov/reports/2025-investment-climate-statements/germany?utm_source
[11] Ernst & Young (2025): https://www.ey.com/de_de/newsroom/2025/06/ey-analyse-investitionen-forschung-und-entwicklung-2025?utm_source

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About the American Chamber of Commerce in Germany e.V. (AmCham Germany)
The American Chamber of Commerce in Germany (AmCham Germany) is the voice of transatlantic business. It promotes global trade relations that are built on the strong foundation of the German-American partnership. We actively support and promote the interests of our members through our networks in the business community, the world of politics, and American chambers of commerce throughout the world. AmCham Germany facilitates intercultural understanding, collaboration, and new investments through the principles of a transparent dialogue, free trade, and a competitive and open economic climate.

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