US Data Center Daily Briefing

December 22, 2025

KEY THEMES

- India–EU FTA-backed semiconductor corridor linking EU Chips Act and India Semiconductor Mission
- Semiconductor supply-chain risk tools and joint R&D (including GANANA HPC)
- Long-duration corporate clean energy procurement for data centres (Google–TotalEnergies 21-year PPA)
- Tightening ESG and disclosure policy (New York mandatory GHG reporting from 2027)
- EU CBAM expansion as a cross-border cost and supply-chain variable
- Growing focus on environmental costs of AI and data centres in emerging markets

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Market overview (Global | 22 Dec 2025 UTC)

Cross-border industrial policy and sustainability regulation remain key demand-shapers for digital infrastructure.

- Semiconductor supply-chain localisation is moving from subsidies to *trade-backed corridors*, with an India–EU FTA-linked initiative aiming to align the EU Chips Act (€43bn) and India's Semiconductor Mission ($10bn) and accelerate "Made-in-India" chips using European architecture by 2026. This has read-through for AI hardware availability, edge compute buildouts, and associated power/grid demand in key manufacturing hubs.
- Climate/ESG policy continues to tighten in major markets (eg mandatory GHG reporting in New York from 2027; EU moves on CBAM), influencing due diligence, siting, and operating disclosures for data centres and their power procurement.
- Corporate clean energy procurement for data centres remains long-duration and strategic (eg a 21-year PPA tying clean generation to Malaysia data centre demand).

Risks and watchpoints

Near-term issues that could create downside (execution, bottlenecks) or upside (accelerated investment) across the data centre–power stack:

- **Policy coordination/execution risk (India–EU corridor):** Delivery depends on aligning two large programmes (EU Chips Act and India's mission), executing joint R&D and supply-chain risk tooling, and translating "corridor" ambition into bankable manufacturing and ecosystem capacity. See: India-EU FTA to build Silicon Silk Road for semiconductors.

- **Supply-chain and technology roadmap risk:** The corridor targets "AI-ready" manufacturing progression (toward 2nm), which implies complex capex, talent, and equipment dependencies; timeline risk could affect downstream compute capacity expectations.
- **ESG disclosure tightening (compliance and cost):** New York's mandatory GHG reporting for large emitters from 2027 increases compliance burden and could affect asset valuation, financing terms, and customer contracting for carbon-intensive grids. See: ESG Today Week in Review: Major Policy and Deals.
- **Carbon border / trade policy uncertainty:** EU expansion of CBAM could raise costs and complicate supply chains for carbon-intensive inputs, with second-order impacts on data centre construction and electrical equipment procurement. See: ESG Today Week in Review: Major Policy and Deals.
- **Environmental footprint scrutiny in emerging markets:** Commentary on Zimbabwe highlights increasing attention to the environmental costs of AI and data centres, raising reputational and permitting risks if sustainability is not embedded early. See: Digital solutions driving environmental sustainability and resilience in Zimbabwe.

Key deals & strategic projects

India–EU "Silicon Silk Road" (semiconductors and HPC)

- An FTA-backed technology corridor is being finalised, linking the **€43bn EU Chips Act** and **India's $10bn Semiconductor Mission**, with elements including **joint R&D**, the **€5m GANANA HPC project**, and **coordinated semiconductor supply-chain risk tools**. See: India-EU FTA to build Silicon Silk Road for semiconductors.
- Anchors referenced include **Intel–Tata's use of a $14bn Gujarat fab**, plus **NXP** and **Infineon** expansions. See: India-EU FTA to build Silicon Silk Road for semiconductors.
- Strategic intent: deliver **"Made-in-India" chips with European architecture by 2026**, building toward **2nm AI-ready manufacturing** over time. See: India-EU FTA to build Silicon Silk Road for semiconductors.

Corporate procurement: long-duration clean energy for data centres

- Google signed a **21-year clean energy PPA** with **TotalEnergies** for **Malaysia data centers** (duration and counterparties disclosed; capacity not specified in story summary). See: ESG Today Week in Review: Major Policy and Deals.
- Microsoft is also cited as executing **large carbon removal and clean energy agreements** (no further deal terms provided in the summary). See: ESG Today Week in Review: Major

Policy and Deals.

Power & grid / interconnection highlights

- **Smart grids as resilience infrastructure (Zimbabwe lens):** Zimbabwe-focused commentary highlights the role of **smart grids** and digital public infrastructure in climate resilience and sustainability, while explicitly cautioning that **AI and data centres carry environmental costs**—a reminder that grid modernisation and sustainability narratives are increasingly linked in emerging market policy debates. See: Digital solutions driving environmental sustainability and resilience in Zimbabwe.

Policy and regulation

- **New York (US):Mandatory GHG reporting for large emitters from 2027**. This is relevant for data centre operators and major power-consuming tenants assessing disclosure readiness and potential pass-through of compliance costs. See: ESG Today Week in Review: Major Policy and Deals.
- **European Union:** EU is **expanding CBAM** (Carbon Border Adjustment Mechanism). The same summary also notes the EU is **scrapping the 2035 new-car emissions rule**. See: ESG Today Week in Review: Major Policy and Deals.
- **Canada:** Government to **launch a sustainable investment taxonomy in 2026**, potentially shaping green financing eligibility and disclosure frameworks for digital infrastructure and associated power assets. See: ESG Today Week in Review: Major Policy and Deals.
- **India–EU:** The corridor is explicitly **FTA-backed**, implying trade policy is being used to accelerate semiconductor ecosystem buildout and risk management tools. See: India-EU FTA to build Silicon Silk Road for semiconductors.

What to watch

- Progress and concrete milestones on the India–EU FTA semiconductor corridor, especially implementation of joint R&D and supply-chain risk tools.
- Delivery risk vs timeline on “Made-in-India chips with European architecture by 2026” and implications for AI hardware availability.
- Follow-through details on Google’s 21-year TotalEnergies PPA for Malaysia data centers (eg volumes, assets, and deliverability).
- Compliance readiness and reporting boundary questions ahead of New York’s mandatory GHG reporting from 2027.

- Impacts from the EU's CBAM expansion on construction supply chains and equipment costs.
- Emerging-market permitting and stakeholder expectations as debates intensify on AI/data centre environmental costs (Zimbabwe example). See: Digital solutions driving environmental sustainability and resilience in Zimbabwe.

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