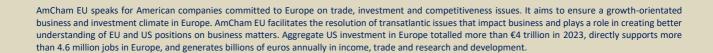


Consultation response

Public consultation on Apply AI Strategy – strengthening the AI continent



Introduction

Mario Draghi's report on EU competitiveness highlights EU challenges in productivity, job creation and competitiveness deriving from overlapping regulatory regimes, fragmented enforcement and onerous obligations. All is the greatest force for change towards greater competitiveness and productivity European businesses and consumers. It is critical that regulatory interventions not only protect from risk, but also facilitate Europe's development and adoption of AI technology. This will help European businesses and the public sector achieve their full potential, build great products and services for people and drive growth.

The Commission's Omnibus simplification initiative is an important step to create a more favorable business environment, helping EU companies innovate, scale up and create quality jobs. A simplification of the AI Act is necessary for the EU to reclaim its competitiveness. Industry support for this idea is overwhelming.

Preventing the EU from lagging in global AI development by reforming EU regulations to prevent setbacks in global AI development

To accelerate AI adoption across private and public sectors, the EU must continue to build and invest throughout all segments of the AI value chain. Key to this is 1) facilitating collaboration between European entities and global partners in building AI solutions and 2) establishing a regulatory framework that supports global cooperation to ensure EU innovation and competitiveness.

Challenges with the EU AI Act

Poor implementation of the EU's AI Act, which was initially designed to regulate high-risk AI applications, could significantly hinder the EU's AI innovation goals, potentially impeding economic growth and technological progress. As the EU AI Office guides its implementation, the role of stakeholders developing and deploying AI should continue to be central.

To position the EU as a leading hub for AI, the Commission should ensure the AI Act does not duplicate existing regulations like the Product Liability Directive, GDPR and the Copyright Directive. These regulations already address many aspects of AI development and use. The focus must be on ensuring that the standards, guidance and tools developed to support AI Act compliance bridge the gap between regulatory intent and practical implementation. They need to be clear and actionable so that companies can easily apply them. This will ensure that AI systems are designed with trustworthiness and security at their core.



Simplifying the AI Act will help avoid overlapping and conflicting provisions that could impede AI growth. One of the biggest concerns for businesses in Europe is the fragmented regulatory landscape. Businesses need to potentially engage with over 130 authorities with different approaches, levels of expertise and diversity of profiles. Such 'virtual internal barriers' could have a significant impact on the success or otherwise of the AI Act. In contrast, improving the governance regime in the AI Act could enhance the EU's potential in AI development and adoption, supporting a cohesive, consistent and innovative AI ecosystem.

Comparison with global regulatory approaches

The EU's approach to AI regulation differs from other jurisdictions such as the United States, United Kingdom, Japan and Singapore, which have adopted a pro-innovation regulatory framework. These countries aim to foster AI development while ensuring safety and competitiveness. In contrast, while the EU's regulations are a step toward transparency and accountability, they have also raised concerns among businesses, with many citing the Act as a risk factor for competitiveness and economic growth within the EU.

To boost AI innovation in the region, the regulatory framework must be fair and foster effective transparency. It needs to enable companies of all sizes to flourish and contribute to the global AI landscape. By prioritising risk over company size, the EU can cultivate an environment that encourages growth, attracts investment and promotes international cooperation in AI development.

Cultivating international cooperation and adopting a balanced regulatory approach will enable the EU to harness global technological advancements in AI. By supporting innovation and ensuring a level playing field, the EU can maintain its competitiveness in the AI sector and deliver cutting-edge solutions to consumers and businesses.

Enabling mid-cap companies and SMEs to harness advanced AI technologies

Access to advanced AI technologies opens up new opportunities for organisations of all sizes. Open-source platforms lay the groundwork for innovation, enabling developers to create and experiment without the prohibitive costs typically associated with proprietary solutions. By fostering an environment of innovation, open-source AI models contribute to the growth and competitiveness of mid-caps and SMEs within the EU. To make this a reality, it is essential for the EU to encourage global collaboration and avoid creating an asymmetrical regulatory framework that hinders scaling up and discourages larger companies from operating within the EU.

To support economic growth and technological advancement, it is crucial to maintain an open regulatory environment that encourages the release and use of open-source AI models. By doing so,



the EU can empower mid-caps and SMEs to leverage AI technologies, driving innovation and productivity across the region.

Conclusion

To ensure that the EU can enhance AI innovation, it is imperative to establish a regulatory framework that is both equitable and innovation-friendly. This framework must empower companies of all sizes to excel and make significant contributions to the global AI arena. By prioritizing risk assessment over company size, the EU can cultivate an environment ripe for growth, attract substantial investment and promote international collaboration in AI development.

Embracing international cooperation and implementing a balanced regulatory strategy will enable the EU to leverage global technological advancements in Al. By championing innovation and ensuring a fair competitive landscape, the EU can solidify its leadership in the Al sector, delivering groundbreaking solutions to consumers and businesses alike.

