



European Round Table for Industry

Ms Margrethe Vestager
Executive Vice-President – A Europe Fit for the Digital Age
and Commissioner for Competition
European Commission
Bruxelles

20 July 2023

Re: Views of the European Round Table for Industry on the Artificial Intelligence Act

Dear Executive Vice-President,

We are writing on behalf of the European Round Table for Industry (ERT), a forum of 60 Chief Executives and Chairs of leading European industrial companies, to share our views concerning the ongoing work on the Artificial Intelligence (AI) Act.

The latest leaps forward in artificial intelligence have been driven by some of the most exciting technologies in recent years. If embraced responsibly, these technologies offer European industrial players a significant opportunity to improve their competitiveness further domestically and abroad. Artificial intelligence can play an essential role in establishing resilient and sustainable supply chains and driving productivity in Europe. At the same time, it is understandable that many individuals and organisations are concerned about its potential risks – some of which we are familiar with, some of which are as yet unknown.

The view of ERT is that Europe needs rules to govern this new technology, and so we welcome the initiative behind the Artificial Intelligence Act. We believe it will be vital to prevent further fragmentation of the Single Market, address legitimate concerns about risks to health, safety, and fundamental rights, and give legal certainty to businesses looking to embrace innovation and deploy AI systems in the EU.

In devising this legal framework, let us not forget a key strategic aim: to improve Europe's industrial competitiveness by developing a thriving European AI ecosystem that can hold its own on the global stage. It is crucial to achieve a fair balance by preserving our EU values in the AI Act while preventing overregulation and unnecessary, burdensome obligations that could hamper AI adoption and innovation in Europe. Tailoring the regulation precisely to tackle the identified risks and gaps not yet covered by existing legislation should be a guiding principle for policymakers in this endeavour.

We therefore wish to draw your attention to the following points in particular:

On defining AI systems and high-risk AI systems

- We urge policymakers to ensure that the obligations of the AI Act apply only to the areas where they are needed. “Simple” techniques such as those also referred to in Annex I, which are used in almost all aspects of digital technology, do not require the same regulation as machine learning-based systems.
- We call for the regulation to focus on high-risk AI systems that pose a genuine risk to the health, safety, or fundamental rights of EU citizens. This will be key to ensuring proportionality and legal certainty. The criteria to categorise an AI system as high-risk must be transparent, reasonable, and objective. This decision cannot be made simply based on sector or application. In that sense, specifying that an AI system must be assessed in light of the significant risk of harm it can create before being classified as high-risk AI, is a good way forward and should be supported.
- We ask for clarity on how obligations are allocated and applied to the stakeholders in the AI value chain. The roles and responsibilities of these stakeholders must be appropriately differentiated.
- We underline the importance of avoiding overlaps and competing obligations between the AI Act and existing or future legislation in the EU. Consistency with sectoral legislation, including in the terminology and definitions used, is essential to ensuring legal certainty.
- While ERT supports the AI Act’s objective of promoting sustainability, we believe that overlaps with other dedicated legislation regarding specific reporting obligations on sustainability aspects, such as measuring energy and resource consumption, should be avoided.
- We believe that a mandatory fundamental rights risk assessment should only apply to high-risk AI systems that may have an impact on fundamental rights. Such an assessment should not apply to high-risk AI systems where safety is the concern.

On generative AI

- Given the rapid developments in the sector and the ensuing short timeframe for devising a regulatory model, we urge the negotiators to pay particular attention to the likely impact of regulatory obligations on the development and application of generative AI or foundation models in Europe. Overly demanding requirements could risk hindering or even preventing innovation in this area of AI. The EU legislators should continue following the risk-based approach also for that type of AI systems.

On a voluntary AI Code of Conduct

- We encourage the European Commission to continue its alignment with Europe’s trading partners on AI policies. In particular, we welcome G7 AI policy initiatives and efforts within the EU-US Trade and Technology Council toward an AI Code of Conduct. We are committed to contributing to its development.

On the transition period

- We call for a transition period of at least 36 months for the application of the AI Act. This period is necessary to allow for the development of the required standards and their implementation in products.

In summary, we commend Europe's leaders for pursuing this groundbreaking regulation and their efforts to develop a workable model for governing rapidly developing AI technologies. The leading role played by Europe also further underlines the importance of a regulation that protects Europe's citizens from identified risks and legitimate concerns while also ensuring that innovation can continue to be developed in Europe and compete on a global stage. Imposing broad-sweeping requirements without justifiable need jeopardises European industrial innovation at a time when it could hardly be needed more.

ERT has long been an exponent of close collaboration between European industry and governments. Together, we aim to secure European industrial success, which is central to the prosperity and well-being of Europeans. We will continue our pursuit of this goal as Europe undergoes its digital transition and stand ready to help make the Artificial Intelligence Act the success that Europe's innovators need.

Yours sincerely,

Jean-François van Boxmeer
Chair, ERT
Chairman, Vodafone Group

Christian Klein
Chair, ERT Digital Transformation Committee
CEO and Member of the Executive Board, SAP SE