



European Round Table for Industry

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European Commission
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Views of the European Round Table for Industry (ERT) on the Regulation of Foundation Models in the AI Act

Dear 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 Act (AI Act).

At our recent ERT Plenary Session in Stuttgart, Germany, on 13 November 2023, the Members of ERT had an in-depth discussion on the opportunities and challenges of Artificial Intelligence (AI). In our exchange, we emphasised the importance of AI for boosting European competitiveness. If embraced responsibly, AI technologies offer European industrial players a significant opportunity to improve their innovation, productivity, and growth, and will also bring considerable benefits to society. On the other hand, legal uncertainty and overregulation will harm innovation and competitiveness in the long run, keeping in mind that most large AI models already come from outside the EU.

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

Sustaining a technology-neutral and risk-based approach to regulating AI is critical to deliver on 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.

In this context, we have concerns about the recent proposals discussed by the co-legislators regarding the regulation of Foundation Models and General Purpose AI (GPAI).

Introducing stricter obligations for Foundation Models and GPAI would be inconsistent with the AI Act's risk-based approach as it would mean regulating the technology being used rather than the actual risk of the application. This would negatively affect both the providers that develop Foundation Models and potentially the industrial users of applications built on top of them. There is a significant risk of undermining the use of AI 'made in the EU' and of companies relocating outside of Europe or not offering AI on the European market, which would ultimately harm innovation and economic growth in the EU.

We need fair cooperation between upstream providers of AI systems, deployers, and users to promote transparency in the AI value chain and facilitate compliance with the AI Act. This means that the providers of Foundation Models should be obliged to share the necessary information about these models (including, for example, information on the data used, data pre-processing, model parameters, evaluation tests) with downstream developers and deployers so that they can fulfil their own obligations from the AI Act.

In a rush to conclude the trilogue negotiations, the co-legislators risk not only passing up the opportunity the AI Act represents but also needlessly undermining Europe's future competitiveness and innovation.

We therefore urge the co-legislators to safeguard technology neutrality, as in the original risk-based approach of the AI Act, and to carefully consult with relevant stakeholders from civil society and industry to ensure a balanced and innovation-friendly regulatory framework.

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 is undergoing its digital transition and stand ready to help make the Artificial Intelligence Act the success that Europe's innovators need.

Yours sincerely,

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Chairman, Vodafone Group

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