



Putting startups at the heart of AI innovation - CroAI's opinion on the European Commission's Artificial Intelligence Act

In April 2021, the European Commission (EC) published its much-awaited Artificial Intelligence Act (AIA), the first global attempt to establish a legal framework for a technology that, as the AIA states, carries both benefits and risks to humans and society. The Croatian AI Association (CroAI) welcomes the EC's efforts to set its own approach to AI, as it previously did with privacy. However, our main concern is that the AIA does not adequately address the needs of start-ups, who are the main drivers of innovation.

CroAI believes that the AIA must be an enabler of AI innovation and strongly stand behind startups, especially during prototyping and testing while pursuing a product-market fit. We therefore advocate for the AIA to include unequivocal support for innovators by mandating the following measures:

1. Startups are allowed to create their own sandboxes on a case-by-case basis rather than a one-size-fits all approach, due to the unique nature of each test.
2. Start-ups will follow a Code of conduct. The Code of conduct will help them mitigate risks while testing through tools such as limiting the number of test users, human oversight, purchasing insurance, transparency, and accountability.
3. While in their sandboxes, startups do not need to involve supervisory authorities. Still, they are accountable for complying with the Code of conduct.
4. When leaving their sandboxes, which means that they have found a product-market fit, startups need to invest in fully complying with AIA rules and regulations, which will make much more sense at that time in a product's development cycle.

The principal concern founders and investors have when thinking about doing AI in Europe is the cost and unpredictability of complying with the AIA. They see it as an unnecessary risk and a burden that they can easily avoid by moving a start-up to some other innovation hub in the world. CroAI believes that by integrating these measures into the AIA, the EC will address most of those concerns and make the EU an excellent choice for AI innovation.

CroAI is at the European Commission's disposal to elaborate more on the reasoning behind this proposal and how to get it to life.