Position of Artificial intelligence Association of Lithuania to the European Commission's inception impact assessment on AI ethical and legal requirements

Europe's approach to stimulating AI development is welcomed. It will ensure technology growth and innovation. However the high risk of over-regulation should be taken into account before the introduction of regulations to the field of AI. Some aspects of proposed regulation go against the thoughtful risk-based approach initially proposed in the AI whitepaper. The feedback from the Artificial intelligence association of Lithuania is presented in this document.

Comments on policies options:

- No broad EU policy change:
  Only for the fields where current regulation is not sufficient additional regulation may be introduced. Multiple rules, including GDPR, are overlapping with the suggested AI regulations, which will likely cause confusion. We support a narrow targeted approach.
- Option 1: EU "soft law":
  The initiative to allow for self-regulation and co-regulation, by providing the principles and guidelines by EC is welcomed. It may provide guidelines to incorporate European values into various businesses processes, but it would not raise harm for various small businesses and AI startups. We support a soft law approach.
- Option 2: EU legislative instrument setting up a voluntary labelling scheme:
  We are concerned that even a voluntary labelling scheme is likely to create a heavy administrative burden for AI innovators, startups and SMEs with limited resources if applied broadly. It would restrict development across the EU. We would like to encourage the EC to work with the AI industry to develop a number of labeling schemes only for high-risk AI applications. We support a labeling scheme for high risk AI applications.
- Option 3: EU legislative instrument establishing mandatory requirements for all or certain types of AI applications
  We believe this approach is unfounded and damaging. Nowadays, various systems use a great range of different types of AI technologies. Said approach would lead to multiple bureaucratic bottlenecks for companies creating and developing AI technologies. EC should take into account the high risk of possible losses coming with additional regulations, and what economical impact it would have especially for AI startups and SME's. We are against this approach.
  - 3a) EU legislative instrument limited to a specific category of AI applications
    The list of AI applications will be large, and it will be too hard to objectively determine what should or should not be added to the list.
  - 3b) EU legislative instrument limited to "high-risk" AI applications
    We believe that regulation should be only limited to "high-risk" AI applications, where current legislation is not covered, is the best option. We support using

a combination of sector and use/application as criteria to set up the risk-based approach.

- ○ 3c) EU legislation covering all AI applications
  As mentioned in the previous feedback, we believe that future regulation on AI should be limited to "high-risk" applications only. Otherwise AI applications posing no significant risk or harm would be subjected to disproportionate rules that in no way would advance development, trust and adoption of AI solutions in Europe. Over-regulating application of a technology with great potential and importance would likely result in severe opportunity costs for the society and quite possibly lower the bar for AI applications with significant risks.

- Option 4: combination of any of the options above taking into account the different levels of risk that could be generated by a particular AI application.
  Realization of this option is not clear. We do not support this approach.

On high risk definitions:
The idea to implement strict rules based on European values to avoid any chances of mass surveillance is welcomed. However the current formulations put all Europe's biometric companies at disadvantage. We would like to draw attention to the fact that development of biometric identification technologies is different from possible malicious applications. EU regulations should be technology neutral: technology and applications should be clearly separated. Also we would like to note that "remote identification" term is used incorrectly, it can be mistaken for biometric identification performed in a cloud system. Academia and industry use different terms for the same concept, namely "recognition/identification at a distance".

On the enforcement mechanisms:
We support the combination of ex-post enforcement for high risk AI applications. It would likely achieve desired results within much faster timeframes and without risking unduly innovation restriction and unnecessary burdens. We strongly support building on existing industry practices, including ethical, legal and due diligence practices that guide the responsible and trustworthy development of AI.