BSP
BUSINESS & SCIENCE POLAND

Contribution to European Commission's consultation on a European approach to artificial intelligence

Technical developments change all spheres of our daily life from hobbies, human interactions to business. New technologies open countless possibilities for us, but also create new fields of activity for which we need to create clear rules of functioning. Regulations must enable the trust in technology among users, but also present clear legislation directions for innovative companies. New regulations cannot create an additional burden for European companies that currently have much less market power than USA or Chinese giants. The new European legislative framework created under the digital agenda should be consistent, business-oriented, evidence-based, and also take into consideration thorough impact assessments. Upcoming acts must create a truly and fairly functioning Single Market where technology companies can grow and scale up to be competitive on the global level.

Technical skills & research

To boost our innovative economy sectors we need to invest in the **improvement of the education process,** especially in the matter of technical skills. It is necessary to recognize the need to redefine formal education programs, as well as to improve **competences in the area of digital skills** or retraining at work. Children at schools and students in the universities should have access to cutting-edge technologies and be taught in a practical way by experts who are in constant contact with an innovative business. Thereby, we await the Commission's presentation of an update to the European skills program, which we believe should put particular emphasis on digital skills, further development of key competencies, including creativity, entrepreneurship, and teamwork.

We see also a significant necessity for investment in **training and reskilling of employees, that will enable the innovative transition within companies**. This type of investment in human capital should be also supported financially by European institutions and the national governments as it is difficult for companies to afford such expenses, especially during economic crisis. BSP supports the Commission's proposal for the development of skills necessary to work with AI and the improvement of the qualifications of the workforce needed for the transformation based on artificial intelligence. Both should be the priorities of the revised Coordinated Plan on Artificial Intelligence.

Our organization is against the construction of a flagship research center, as we believe that the EU can achieve a lot more benefits by building a **network of various research centers among the EU Member States**. This type of network will have the chance to gather existing knowledge and bring together teams of experts from different countries that are currently working on various issues. This will allow Europe to start working quickly on gaining a significant position in the development of artificial intelligence on the world stage.

In our opinion, it is also important to open the training and employment process in the field of artificial intelligence for various social groups, which may contribute to reducing the risk associated with creating the so-called "biased algorithms". If there are no experts and visionaries in Europe possessing adequate knowledge in the field of artificial intelligence and entrepreneurship, huge financial investments in this area will not bring the desired results. Therefore, in our opinion, investments in research (with the requirement for commercialization) and human capital are of the highest importance.

+ 32 487 24 58 58 info@zpbsp.com Rue Belliard 40, 1000 Brussels Książęca 4, 00-498 Warsaw www.zpbsp.com
EU Transparency Register Number: 548212735276-89

Industrial digital transformation in EU

Business & Science Poland accords with the European Commission's proposal to **support micro and small companies** in the access to artificial intelligence and implementation of modern technologies to their daily operations. However, we believe that it is also worth **focusing on the cooperation with large industry, agriculture, and public service providers, which will significantly affect the demand for AI solutions and the possibility of scaling them on available markets**. Financial incentives for switching into the modern economy will encourage bigger companies, where change processes are really complicated and expensive, to implement new, high-tech systems and tools.

In our opinion, the network of Digital Innovation Hubs (DIH) has a vast potential in speeding up transformation processes among the European industry. Though, it is extremely important that **DIHs will understand the industry, use business language, and operate in a smart and agile way.** To achieve it DIHs should be created by people who have practical attitudes, business backgrounds, and are goal-oriented.

We believe that **public administration should also adapt to the digital age** in order to remove unnecessary bureaucracy and make business facilitation easier. Nowadays many public institutions still do not allow to fulfil formalities remotely via the Internet. Promoting innovative AI solutions in the public sector is associated with the risk of not being sufficiently prepared to assess the quality and effectiveness of such solutions. That's why **we see great potential in platforms and organisations like polish GovTech, which support administration in the public procurement process and help small and innovative companies (also start-ups) in selling their services to the public sector**. The public sector with large budgets at its disposal has the chance to significantly increase the demand for innovation in Europe and thus support the development of the technological sector.

Business & Science Poland shares the Commission's standpoint that the **EU should strengthen its position in ecosystems and along value chains**, ranging from the equipment manufacturing sectors, through software to services. This activity seems even more important after problems concerning supply chains, which we have experienced during the COVID-19 crisis. The legislative framework should support the development of European technology companies and compose conditions for the creation of regional and cross-border ecosystems that dynamize the local economy.

Digital ecosystem

In our opinion, one of the priorities for AI is to support the development and access to computing technologies. However, the priority of large-scale computing technology should not be reduced only to cloud computing. For the development of AI, qualitative data is also extremely necessary, as it is the basis for machine learning or the development of neural networks, and the ability to build operational logic models. **European enterprises should also be given access to the widest possible range of data and algorithm libraries** – in our opinion without it their development will not be fast enough. We also see great potential in the development of edge computing and its use by the industry to build trusted data spaces and by individual users to protect privacy.

We believe that it is also worth emphasizing in the Commission's proposal the importance and the need to **develop fiber networks, both cross-border and national, connecting various scientific and industrial organisations**. In our opinion, the role of 5G as one of the catalysts for the development of AI should be noted, because it extends the use of artificial intelligence and allows aggregation of data from the sensor network and mobile access to resources.

+ 32 487 24 58 58 info@zpbsp.com Rue Belliard 40, 1000 Brussels Książęca 4, 00-498 Warsaw www.zpbsp.com
EU Transparency Register Number: 548212735276-89

Just as coal was the basic raw material conditioning the mass use of steam engines, so the basic "fuel", or rather the oxygen of the new economy based on artificial intelligence is data. Without improved access to data the use of intelligent algorithms will be very limited. We agree with the Commission that **Europe's current and future sustainable economic growth and social well-being are increasingly based on the value generated by data processing**. BSP shares the Commission's view that improving access to data and management is crucial. We believe that **public tools should be created to allow industry and scientists to share insensitive data**. Due to companies' concerns about sharing their data, these tools must provide a high level of security. It is also worth to create incentives to share data for entities that can provide relevant data.

Among Europe, the expectations are raising that internet platforms should be held accountable for the content which is presented by them and also protect their own users against the differentiated risk associated with the use of platforms. Therefore, we believe that a structure for notice and action mechanisms should be created on the EU level. Its responses would be proportionate to the nature and impact of the harm committed. The mechanism should function in a simple and clear way without creating unnecessary clerical procedures for companies but providing them with legal certainty. Internet intermediaries should inform their users about the steps which they should take to report illegal content and the procedure should be easily accessible for users. Regulations must ensure that balance will be provided in the matter of meeting interests and expectations presented by those who report illegal content and those who post such content – there needs to be created a possibility to counter-notice. It is important also to mention that the new legal framework must also safeguard the citizens' freedom of expression.

Legal framework for AI

We are of the opinion that the existing legal framework responds to many issues posed by artificial intelligence. We see the necessity to establish a jointly recognized framework of responsibility in the EU in both the field of AI design and its application. **We agree with the white paper, which proposes to take the best placed to address approach for the responsibility and risk issues**. On the other hand, **we believe that it is also worth reviewing current regulations to see if they create unnecessary restrictions on the development of artificial intelligence**.

According to BSP, **the possibility of supervising or deactivating AI systems by humans should be envisaged as part of standards for creating trustworthy artificial intelligence**. This rule should apply to both the design of AI systems and their entire life cycle. This will ensure the safe use of AI products and services and also help to build public confidence in this technology.

We are of the opinion that an important step towards building a common horizontal legal framework for artificial intelligence should be the Commission's proposition of European regulations necessary for the creation of "regulatory sandboxes", especially in harmonized fields. Creating a uniform environment for the development and testing of technologies using artificial intelligence would overcome the barrier of fragmentation of the single internal market, facilitating the operation of especially highly innovative start-ups.

In our opinion, the future **regulatory framework should create incentives for voluntary ex-ante testing or even voluntary certification rather than create mandatory certification requirements**. Regulations should maintain the rules of an **open innovation system, be flexible and take into account the possibility of testing any AI models in an isolated test environment** before assessing its compliance and implementation in a mass use environment. Leaving the scope of any experiments to non-EU countries may in the long run deprive European Union of competence in the area of high-risk applications. A

+ 32 487 24 58 58 info@zpbsp.com Rue Belliard 40, 1000 Brussels Książęca 4, 00-498 Warsaw www.zpbsp.com
EU Transparency Register Number: 548212735276-89

balanced approach of regulators seems to be key, as it ensures risk minimization but at the same time maximizes the opportunities offered by the use of AI.

We would like to point out that if the certification obligation for products and services containing AI is introduced, it should be approached with great caution and bearing in mind the risk of overregulation and inhibition of innovation. Under the proposed ex ante and ex post procedures, **entrepreneurs should be guaranteed protection of confidential information, such as trade or industrial secrets**. We support the Commission's proposal that AI systems that qualify as 'low risk' applications should be excluded from the mandatory ex ante control procedure, if such an obligation is introduced. It is also important to guarantee **the principle of mutual recognition of certificates** issued by centers or institutions located in Member States. This will ensure an open environment for AI innovation in full respect of the productivity needs of national economies.

We are pleased that the EC is proposing an investment and regulatory approach in the field of artificial intelligence. However, in our view, **the investment approach should be made default and the regulatory approach limited only to the areas of necessary intervention** guaranteeing the stability of legal transactions, ensuring coordination within the EU, and limiting negative social effects. Regulations should focus on how to minimize the various risks associated with the use of artificial intelligence products and services, but should not be overly prescriptive, which could lead to disproportionate burdens, especially for micro, small, and medium enterprises. The lawmakers ought to have a degree of trust in citizens and industry and should not create regulations that will be unnecessary burdens to development for technology and companies.

Long-term vision

BSP agrees with the approach of the European Commission, that wants to actively build international alliances based on shared values and promote the ethical use of artificial intelligence. We believe that **European institutions should cooperate with their counterparts representing non-EU countries that have a similar approach to the development of artificial intelligence**. In the era of such deep globalization, it is crucial to create worldwide standards and regulations that are in line with European values.

All industrial revolutions were a cause for concern among society - decades ago people were afraid to drive at speeds exceeding 40 km/h. However, they all helped to make our lives easier. As Business & Science Poland, we see great potential in the digital revolution and believe that the European industry and administration should actively participate in it and thus shape it on the global level.

European regulations must be visionary and comply with the ever-faster development of technology. Future innovations need a solid and technology neutral legislative framework. The legal framework should enable a well-functioning Single Market which will create the possibility for European technology companies to expand and scale up and be globally competitive.

+ 32 487 24 58 58 info@zpbsp.com Rue Belliard 40, 1000 Brussels Książęca 4, 00-498 Warsaw www.zpbsp.com
EU Transparency Register Number: 548212735276-89