

Venture capital has been one of the main sources of funding for the development and adoption of technologies based on algorithms and automation. Based on my experience in identifying promising start-ups and supporting them in becoming successful businesses I would like to provide my thoughts on EU's White Paper on AI.

Europe is deservedly considered one of the global leaders in AI research and EU's effort to promote AI and raise awareness about its inherent risks is recognised and appreciated. Still, to compete successfully with the US and China or any other global player, the EU needs a new sense of urgency and a broad public discourse to prepare the society, the business and all other stakeholders for the big changes that will happen because of the widespread use of algorithms. As the public reaction to science-based decisions during the Covid-19 pandemic shows, the majority of the population is willing to invest time and effort to educate itself on difficult matters if aware of the importance of the topic and has access to reliable information. We need a similar level of communication effort in relation to AI to set up the right tone for public discussion and pre-empt the appearance of fringe conspiracy theories to avoid backlash similar to the burning of 5G towers across Europe. Incorporating AI in the EU Digital Education Plan will be very helpful but it has to be accompanied by social advertising, public discussions, TV and social media programs that will not only increase awareness but will also inspire people to become involved with AI. Learning AI-related skills from early age will not only expand the talent pool of AI researchers and practitioners but will make AI adoption less contentious.

As one of the steps in increasing AI's prominence the EU states should consider elevating AI (and everything related to the data economy) to exclusive EU competency. This will allow not only faster introduction of uniform rules but will also avoid the duplication of effort and competition for resources driven by the rush to create disparate national AI strategies. Such a status will make it easier for the EU to build partnerships in the AI space with key non-member neighbouring countries such as the UK, Ukraine and Turkey.

While pursuing its AI goals the EU should maintain a pragmatic approach and be ready to co-operate with large international companies with advanced technologies and massive datasets. Instead of suspecting nefarious motives behind each business decision, the EU should build dialogue with global tech leader while protecting the interests of the European users by focusing more on investigation of anti-competitive behaviour, post-merger reviews and data privacy.

In several places the White Paper directly describes AI as "a critical enabler for attaining the goals of the [European] Green Deal" which at least should have been explained better if this is an aspiration or a fact based on actual AI use cases dealing directly with climate change. By connecting the fate of the Green Plan with technologies which are not mature yet, the EU risks undermining the public support for both of them

I think that the EU is right in drawing attention to the risks related to potential biases and the lack of transparency in AI processes as described in the key requirements for trustworthy AI. The challenge is how to manage these risks without overburdening researchers and practitioners with new regulation. The best way will be to follow the sandbox model adopted by financial authorities across the EU in dealing with fintech start-ups, which has allowed the companies to experiment in a safe environment.

One critical factor for the broad adoption of AI in the EU economy, which should get higher prominence, is the role of entrepreneurship. Although the big European corporations generate a significant volume of data and spend significant amount of money on innovation and digital technologies, the companies that may establish the EU as the leading AI economy probably don't exist yet. The EU needs to address more proactively the often-mentioned gap between leading academic

research and commercially successful technologies by introducing an EU-level policy on technology transfer to promote global best practices. It is important to avoid universities' ownership of stakes in start-ups, directly or through their affiliated funds, because this creates a lot of uncertainty and tension between founders and academic institutions and makes more challenging the raising of future financing so it should be replaced by licenses or revenue sharing to align better the interests of the parties. To support the launch of new technologies the European Investment Fund should increase its maximum participation in VC funds dedicated to technology transfer from the usual 50% to 75% and even higher.

The EU has various programs supporting entrepreneurs financially to which it is adding the €100 million AI and blockchain fund but experience shows that money is not the reason for the lack of European technology companies founded in the Internet era with market capitalisation above €100 billion. Having such companies is not a goal in itself but they are an important element of the start-up ecosystem as acquirers of smaller companies, sources of talent for new start-ups and angel investors in nascent companies. To facilitate the growth of European technology companies the EU should instead focus on further strengthening the single market in services and reducing administrative complexity. One area that has recently received a lot of attention but where still different regimes exist is copyright law. We need true harmonisation to create large datasets, which will ensure the diversity and fairness of AI.

In addition to the defects of the single market, language is another obstacle that prevents European start-ups from reaching critical mass so EU's intervention may be beneficial. We may never be able to create sales and support processes that completely get rid of human-to-human interactions but by supporting AI research in natural language processing, machine translation and synthetic speech the EU will give a boost to many start-ups, which will commercialise the technologies. These products will help EU companies serve better clients across the bloc and reach customers on other continents.

It is understandable that a major part of the White Paper and the accompanying report on the safety and liability of AI is dedicated to the potential risks associated with AI. Although we cannot be sure of the probability and the impact of any doomsday scenario, it makes sense to proceed with abundant caution but we have to make sure that any new regulation does not overburden companies. It seems that the EU plans to use the GDPR blueprint to introduce rules and guidelines with global impact. Before this happens though it will be very helpful if an independent review of the actual costs and benefits of GDPR is launched two years after its introduction to demonstrate if there has been improvement in data privacy and if it worth using the approach for regulating AI.

I hope that the above comments and ideas will be considered during upcoming discussions of the role of AI and its regulation and I would be glad to engage further with the Commission and other EU bodies.

Best regards,

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