

Ensuring a fair and proportionate Al Act for startups 12 June 2023

As the first binding AI legislation in the world, the AI Act has the potential to set a global blueprint, hence the need to get it right by making AI trustworthy for EU citizens and allow startups to grow and compete globally.

Although the European Parliament's <u>provisional agreement</u> seems to better consider startups' specific needs than the Commission's proposal, further improvements are needed to make the Al Act a fair and proportionate regulation for startups in the EU

With regard to sandboxes, we believe that the regulatory framework for sandboxes should be further harmonised to allow startups, who often move locations or pivot their business, to enter sandboxes more easily instead of being faced with sandboxes with contrasting requirements. In this context, sandboxes should be free of charge and easily accessible for startups, a presumption of conformity for providers if their high-risk AI systems comply with all the requirements when they exit a sandbox, and for all the provisions making sandboxes more publicly visible. We also fully support the fact that the Commission should detail the sandboxes' modalities through a delegated act, as this will foster harmonisation in the EU.

In terms of governance, we welcome the idea of an AI governance body as we think this is a good starting point for discussions. Should it be established, we recommend that this AI body is given sufficient human and financial resources to ensure the effective implementation of the Act and promote cooperation amongst sandboxes. Any advisory committee attached to it should consist of startups and stakeholders who understand the specific needs of the startup ecosystem. We also urge the Commission to involve startups in standardisation talks, and to consult them when drafting implementation guidelines or delegated acts.

On general purpose AI, we warn against overregulating the use of foundation models and of generative AI more specifically as burdensome requirements could have detrimental effects on innovation in Europe and could particularly impact startups that heavily rely on these systems to scale their business and compete globally. We therefore recommend that the Act maintains its horizontal and risk-based approach to preserve innovation, but also to avoid overlaps with existing laws, like the Copyright Directive or the GDPR.

By implementing the AI Act, the EU can establish a pioneering comprehensive framework for the responsible development of AI systems. We consequently call the European Parliament to adopt a position that promotes innovation and competitiveness for startups while safeguarding user rights and safety.