S02 : Managing Disruptive Digital Technologies

<u>The European approach to AI regulation and its impact on global cyberspace. Could doing good in fact hurt Europe?</u>

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In Spring 2021 the European Commission (EC) unveiled a legal framework for AI, the "AI Act"

On paper it aims to

1 - Create an ecosystem of trust for users of AI-powered products

2 - Encourage businesses to develop said products

Europe has made no secret of its desire to export its values across the world, at least at a principle level (see GDPR...)

The approach to AI by the EU is heavily ethics-inspired. (Preventive), risk-based, precautionary

Mandatory requirements applicable to the design and development of AI systems *before* they are placed on the market.

AI system is a software that is developed with one or more of the techniques and approaches (machine learning, logic, and knowledge-based approaches and statistical approaches) and can, for a given set of human-defined objectives, generate outputs such as content, predictions, recommendations, or decisions influencing the environments they interact with.

Risks of the risk-based approach:

- EU competitiveness: too high a burden is posed on the industry, especially innovative SMEs

- EU Relevance in AI: Europe is already lagging behind the USA and China in AI, which is already and will be more in the future, a geopolitical enabler

- Furthering fragmentation of "cyberspace" even more, when coupled with the emphasis on "digital sovereignty"

Risks of the risk-based approach:

- "(Big) Data migration": reluctance of localizing data and information in the European Union

- Diverging legislation, consequent standards and certification schemes could create a rift for European companies reaching out and also for non-EU companies entering the EU Single Market

- (Some good news: global standards and mutual recognition of certifications –e.g. SG/FI Cybersecurity labels)

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THANK YOU!

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Some links:
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