ARTIFICIAL INTELLIGENCE ACT

Wednesday 16 March 2022
17h00 – 18h30
Virtual Meeting

WELCOME & INTRODUCTION BY THE CHAIR & MODERATOR

Susana SOLÍS PÉREZ MEP, (Renew Europe, Spain) Special Committee on Artificial Intelligence in a Digital Age, Rapporteur Opinion Artificial Intelligence Act, Environment Committee, Industry, Research & Energy Committee

First of all, I would like to welcome you all to this online debate of the European Manufacturing Forum on the Artificial Intelligence Act.

I am very happy to greet and discuss this file with so many of my colleagues from the European Parliament. I also feel honoured to welcome the European Commission's Head Digital Transformation of Industrial Ecosystems, from DG CONNECT, Anne-Marie SASSEN who is joining us today as Keynote speaker. And finally, I would like to welcome all the European Manufacturers who are joining us for the debate.

It is a great pleasure for me to be chairing and moderating this meeting and I very much look forward to a fruitful debate.

After long discussions, the Parliament is finally making a move on the Artificial Intelligence Act. And, there is no need to say this again: AI is the key technology for the future. It will provide innovative solutions in terms of creating customer value, automating and optimising manufacturing processes, improving productivity, reducing costs, etc., But it will also revolutionise many other sectors like biotechnology and healthcare, climate change adaptation, smart farming, sustainable transport etc.

In the Parliament, we are working hard to deliver legislation that guarantees a high level of legal certainty that protects our societies and our European values. This is the only way for citizens and businesses to fully trust the technologies they use.

But the new rules should not constitute a regulatory straitjacket that hinders innovation and investment, leads to more costly solutions and fails to achieve the EU's ambition to make

important technological advances. The aim is to achieve a regulation that is balanced and that promotes innovation through regulation.

I truly hope that the debate here today serves all of us who come representing the European Parliament and European Commission with a detailed picture of what you, as European Manufacturers, are expecting from this legislation. And, how we can help you as policymakers.

Regarding the format, we will start with a presentation by the European Commission which will be on the record. This will be followed by three minute on-the-record presentations by the panel members and then an off-the-record discussion between my colleagues from the Parliament and European Manufacturers. There will then be an informal response by the Commission which will be off the record.

Anne-Marie Sassen, EUROPEAN COMMISSION, DG CONNECT,
Head Digital Transformation of Industrial Ecosystems

(Presentation comprehensively covered by the speaker's Powerpoint slides)

Slide 1

Slide 2

AI is good …

- For citizens
- For business
- For the public interest

… but creates some risks

- For the safety of consumers and users
- For fundamental rights

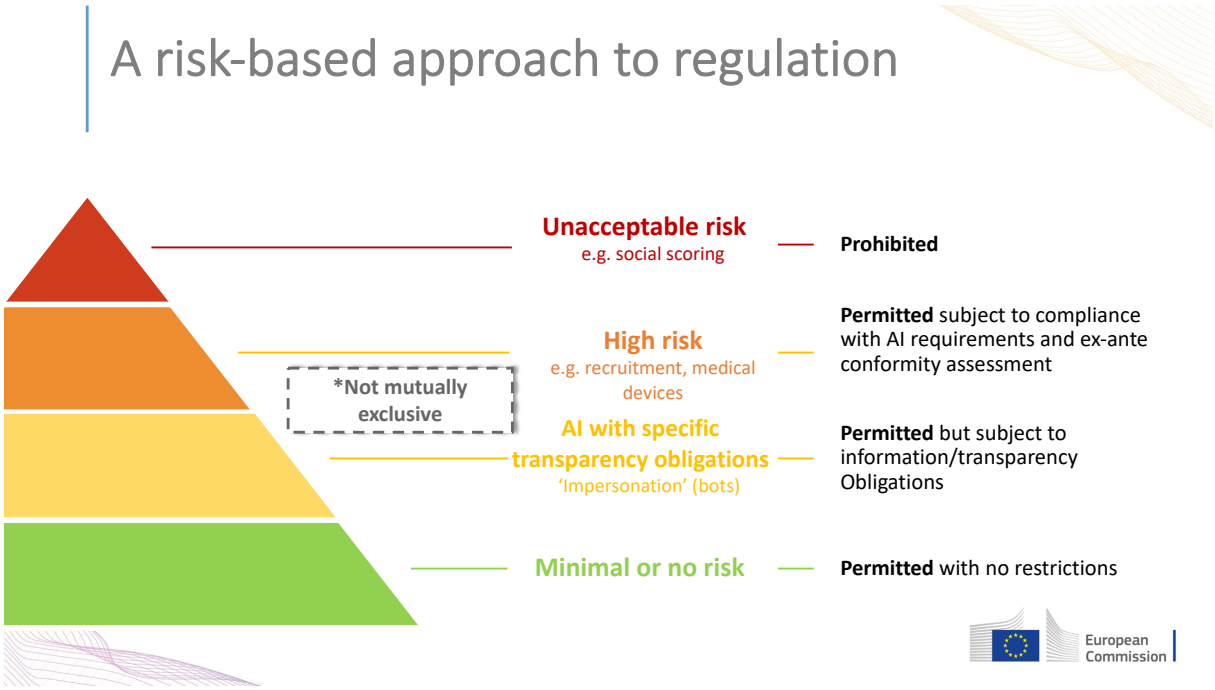
European Commission

Slide 3

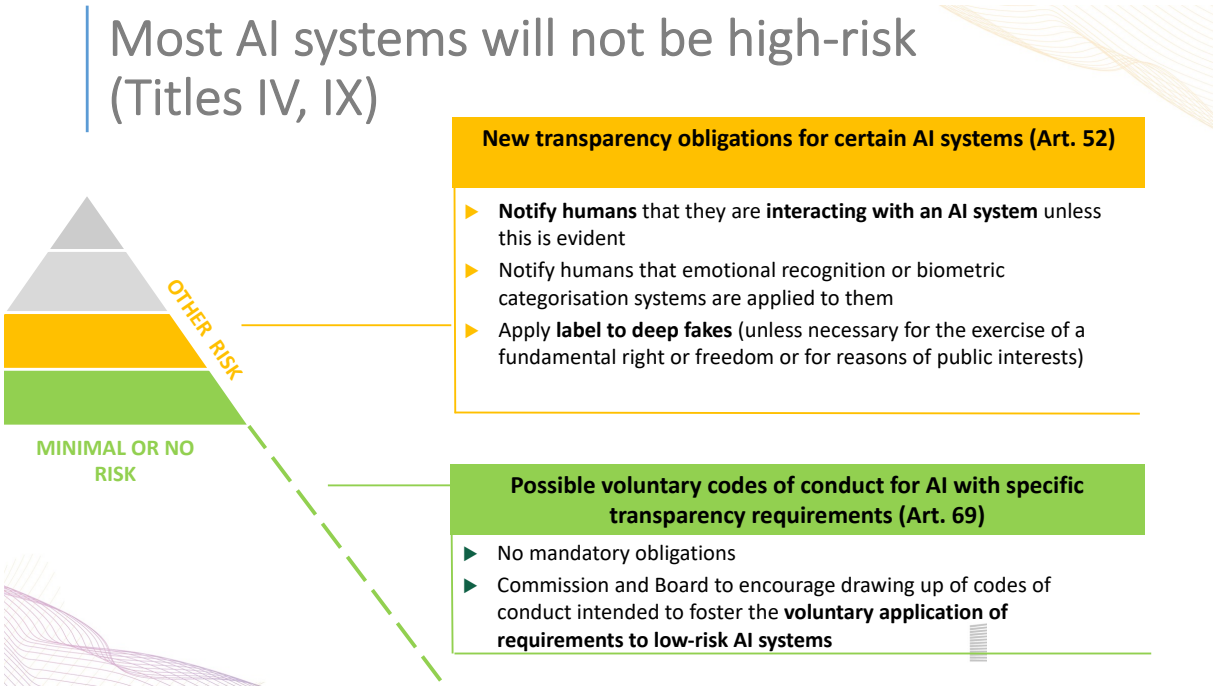
1. Proposal for a legal framework on AI

European Commission

Slide 4



Slide 5



Slide 6

High-risk Artificial Intelligence Systems (Title III, Annexes II and III)

Certain applications in the following fields:

1 **SAFETY COMPONENTS OF REGULATED PRODUCTS**

(e.g. medical devices, machinery) which are subject to third-party assessment under the relevant sectorial legislation

2 **CERTAIN (STAND-ALONE) AI SYSTEMS IN THE FOLLOWING FIELDS**

- ✓ Biometric identification and categorisation of natural persons
- ✓ Management and operation of critical infrastructure
- ✓ Education and vocational training
- ✓ Employment and workers management, access to self-employment
- ✓ Access to and enjoyment of essential private services and public services and benefits
- ✓ Law enforcement
- ✓ Migration, asylum and border control management
- ✓ Administration of justice and democratic processes

European Commission

Slide 7

Relation with the Machinery Regulation

- The proposals for an AI Act and the Machinery regulation were conceived as interlinked and complementary.
- When the two regulations apply in conjunction, the AI Regulation will address the safety requirements of the AI system which is a safety component, while the Machinery Regulation will ensure, where applicable, the safe integration of the AI system into the overall machinery, so as not to compromise the safety of the machinery as a whole.
- To ensure consistency, avoid duplications and minimise additional burdens, the requirements for the AI system set out in the AI Regulation will be checked as part of the existing third-party conformity assessment procedures under the machinery regulation.

European Commission

Slide 8

Requirements for high-risk AI (Title III, chapter 2)

Establish and implement **risk management** processes
&
In light of the **intended purpose** of the AI system

- Use high-quality **training, validation and testing data** (relevant, representative etc.)
- Establish **documentation** and design logging features (traceability & auditability)
- Ensure appropriate certain degree of **transparency** and provide users with **information** (on how to use the system)
- Ensure **human oversight** (measures built into the system and/or to be implemented by users)
- Ensure **robustness**, **accuracy** and **cybersecurity**

Slide 9

Lifecycle of AI systems and relevant obligations

Design in line with requirements — Ensure AI systems **perform consistently for their intended purpose** and are **in compliance with the requirements** put forward in the Regulation

Conformity assessment — **Ex ante** conformity assessment

Post-market monitoring — Providers to **actively and systematically collect, document and analyse relevant data** on the reliability, performance and safety of AI systems throughout their lifetime, and to **evaluate continuous compliance of AI systems with the Regulation**

Incident report system — **Report serious incidents as well as malfunctioning leading to breaches to fundamental rights** (as a basis for investigations conducted by competent authorities).

New conformity assessment — **New conformity assessment** in case of **substantial modification** (modification to the intended purpose or change affecting compliance of the AI system with the Regulation) by providers or any third party, including when changes are **outside the "predefined range" indicated by the provider for continuously learning AI systems.**

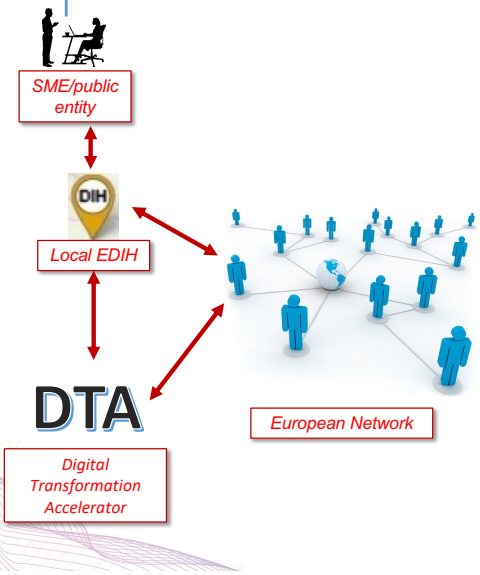
Slide 10

Supporting innovation (Title V)

European Commission

Slide 11

Network of 200 European Digital Innovation Hubs (EDIH) regionally spread all over Europe

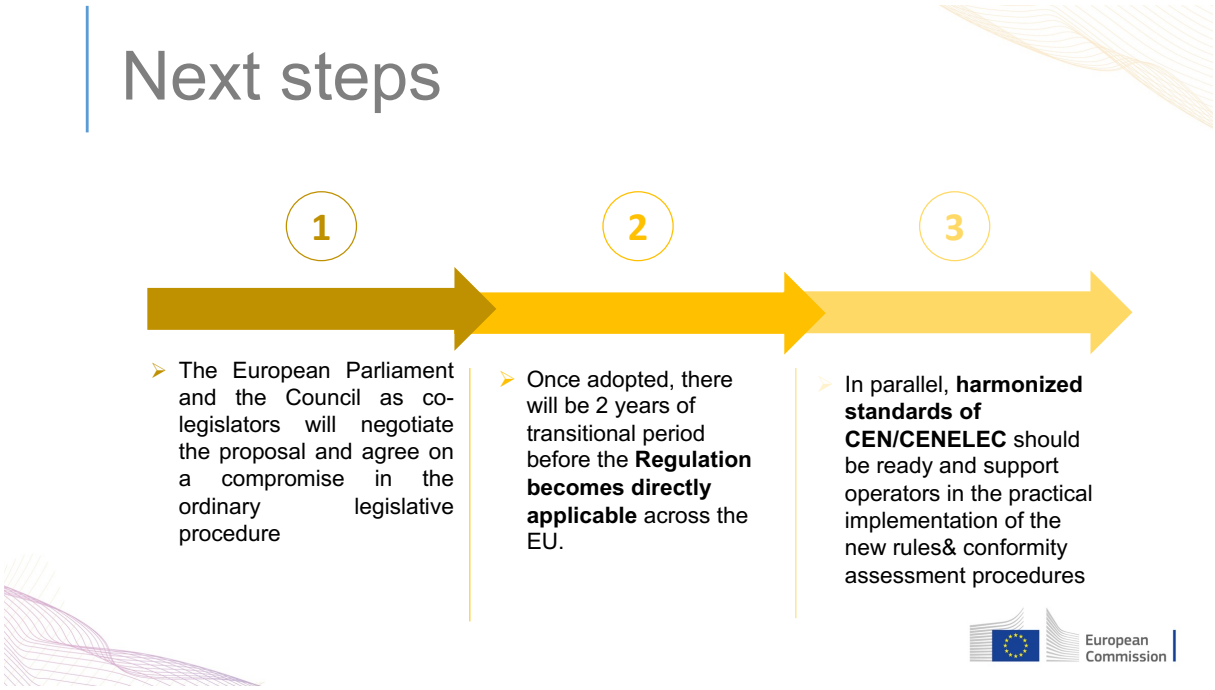


EDIHs will:

- Offer support for digital transformation which is adapted to local needs, based on a specialisation
- Many of them focus on supporting the manufacturing sector with the adoption of artificial intelligence and industry 4.0

European Commission

Slide 12



Having provided you with an overview, I am looking forward to hearing your views and the discussion.

Prof. Sonja Zillner, SIEMENS, Head, Munich Technology Division

Industrial Trustworthy AI

- The AI Act: At Siemens we have been using AI for many years in a wide variety of technology areas, ranging from process industries, manufacturing, transport and logistics, building and energy.

  All those industrial application areas have in common that they require very high quality and performance standards so that people trust them.

  Therefore, we support the European Commission's vision on trustworthy AI systems that enables the human-centred, safe, robust and transparent development and usage of AI solutions. To ensure legal certainty for AI providers and users, a coherent EU Policy Framework for AI is needed. We also encourage the European Commission to invest in closer cooperation with international partner for setting a global standard.

- The definition of AI Systems: We recommend to keep the scope of AI systems less broad. Why is this of importance for industrial applications? With the current proposal, many existing software solutions will be considered to be AI systems. For instance, conventional logical programs used in industrial applications for many years would be within the scope. Therefore, a more precise and 'narrow' definition is needed to ensure legal certainty.

- In concrete, a new definition should notably delete references to 'Statistical approaches, Bayesian estimation, search and optimization methods'. All those methods are quite simple in nature and used virtually in all aspects of digital technology.

- Alignment with existing Directives: More work is needed in the alignment with existing Directives, for instance with the Machinery Directive. For example, there is a difference in the definition of 'Safety Component' in the AI Act versus in the Machinery Directive. The definition of safety component is very central for the classification of high-risk application.

  Therefore, we see the need to align both definitions to ensure legal certainty. This is just one example to emphasize the importance of alignment with existing Directive.

- Operationalisation of mandatory requirements: When it comes to the operationalisation of mandatory requirements, the use of harmonised standards shall be the preferred approach to ensure conformity to the requirements for high-risk AI systems.

  Currently many of those future mandatory requirements lack precise commonly agreed definition, for example how to define the robustness of an AI model. Here industry requires clarity soon!

  The development of industrial AI products takes long time. As soon as we know how to map mandatory requirements to technical capabilities, we can continue to innovate. The European Commission shall issue standardisation requests for relevant harmonised standards in a timely manner.

- Situations where all AI systems for a given high-risk sector would be considered *de facto* high risk, must be avoided

- And the same recommendation for prohibited AI systems (article 5).

  Why?: Blanket bans of certain AI applications may be counterproductive as they would not take into account current useful and safe uses (and potential future uses).

  For example, video-based stress monitoring of individuals on trains. The goal here is to automatically identify critical situations inside the train and to inform the train driver for escalation, for instance if medical assistance is required. Here people's behaviour in crowded spaces is being observed, for the benefit of safety but at the potential cost of privacy. The advantage of performing the algorithm on edge technology is that it is not necessary to store the data but just report back that there is a likely dangerous situation. In this way privacy issues can be mitigated (eg. only facial expression/emotions are detected, no persons are identified, no images are sent in the cloud).

Carlos ZORRINHO MEP, (S&D, Portugal) Intergroup on Artificial Intelligence & Digital; Industry, Research & Energy Committee

- It is a very important topic about whom we need to discuss openly and deeply and move quickly to action.
- Peace and freedom are the biggest achievements of the EU. The EU is fighting in several 'global challenges', and must of them are a slice of the global power reconfiguration process. The AI Act needs to be a tool for a peaceful, sustainable and human centred future.

- The manufacturing challenge is one of the most important. It is closely linked with the dignity of work, the fight against inequalities, the strategic autonomy and the distributed control of value chains. Autonomy is the first step to cooperation between equals and cooperation between is an open door for peace and sustainable development
- It is also linked with the energy transition challenge (safety, supply, and sustainability) and the Digital Transition challenge (who will lead the new critical technologies?)
- AI is the mirror, where all these challenges could be anticipated, avoided, and won when necessary. (I hope, because if we lose the human centred approach, it also will be possible, even a catastrophe decided by algorithm able to learn and to understand but not to feel and think)

  How?

  a. It implies shared values and shared tools and resources

  b. It implies a strong vision – Not a machine/men society but a men/machine one (the technology follows human imagination and meaning in contrast with humanity following technological algorithms and automatic auto-controlled devices).

- AI Act is the opportunity for the EU to make the difference:
- To align the different tools, programs and projects that deals with this subject.
- To express strong ambition, using the technology to reconnect the citizens with the European project, developing a network of creative innovation, combining technology and values in a human centred manufacturing process from the production to the consumption as part of an identity that warrants quality and fair competition and strong protection of the fundamental rights.
- (S&D Shadow Rapporteur) In the ITRE Opinion about the initiative report "on shaping the digital future of Europe: removing barriers to the functioning of the digital single market and improving the use of AI for European consumers": point 14 - "Recognises that AI deployment is key to European competitiveness in the digital era; highlights that in order to facilitate the uptake of AI in Europe, a common European approach based on a human-centric approach to trustworthy AI, transparency and clear liability rules is needed to avoid the fragmentation of the internal market; stresses that human control should always be possible when citizens interact with high-risk automated systems in order to ensure that an automated decision can be verified and corrected; is convinced that creating a clear European regulatory framework and long term legal certainty will increase trust among consumers, the public sector, businesses, industries and research;"

- It is possible and a priority to achieve that. The best of this story is that it calls our imagination and is not possible to put in work alone. It will be a European shared challenge.

Christoph LUYKX, ORGALIM-Europe's Technology Industries, Policy Director

Orgalim represents Europe's technology industries, comprised of companies spanning the mechanical engineering, electrical engineering and electronics, and metal technology branches.

Global leadership on Advanced Manufacturing (AM)
One of the key drivers for these industries is the focus on Advanced Manufacturing and Europe's global leadership. Orgalim is driving the work of Task Force 5 of the European Commission's Industrial Forum. This Task Force focuses specifically on the uptake of advanced manufacturing technologies by European industry, the challenges and need for policy actions.

The development of AI solutions is an integral part of Advanced Manufacturing, and hence, today's discussion is at the core of our industries' focus. To further highlight our strong commitment to Europe's focus on AI, Orgalim was also a member of the High-Level Expert Group on Artificial Intelligence (HLEG), contributing to the development of the Guidelines for Trustworthy AI in 2019, and an Assessment List for Trustworthy AI in 2020.

Industrial AI and AM
AI is not a novelty. Manufacturers in Europe already use it in a variety of industrial applications: to control self-driving machinery; to improve the reliability of components; to implement predictive monitoring and maintenance; to increase the lifespan of machinery; to optimise energy efficiency and to adapt production to customer demand.

Two thirds of the value created by AI is contributable to the B2B segment, and as said before, it plays an important role in the context of Advanced Manufacturing.

In this context, we have welcomed the proposal for an AI Act as a way for Europe to create a trustworthy framework for AI applications. Our industries support the 2030 objective to increase EU company take-up of AI from the 25% baseline of 2020, to 75% in 2030. Tripling the share in 10 years requires big investments and reasonable regulatory requirements.

However, we have also called for it to be targeted and to avoid duplication or legal uncertainty due to diverging requirements.

It is important to note also that the AI Act will present an increased financial burden for manufacturers. According to the Commission's AI Act Impact Assessment from April 2021, the aggregated cost could be up to €3 billion in 2025. This is only for compliance and administrative costs, meaning that costs for human oversight or staffing for data quality checks are not included. Hence, it is crucial to get it right.

It is important to put forward three points at the start:
- AI in B2C is different from its application in the B2B space, and this should be reflected when we talk about definitions, risk, etc.

- a system exists currently to address the safety and security of for example Machinery; let us not duplicate, or at worst, create conflicts between regulatory requirements

- the presence of AI in a product does not make the product automatically risky to use, especially in a B2B context. We support the risk based approach in the AI Act, but also call for the need to ensure the risk differentation is workable and targeted.

Focus on AI Act and Machinery Regulation
To take the example of machinery, and the other legislative file currently under review, the Machinery Regulation, there is a direct correlation between both this file and the AI Act.

We are asking the co-legislators to work together on both files, and to avoid conflicting requirements.

The presence of AI in a product does not make the product automatically risky to use. With a broad definition of AI and of high-risk, chances are high that applications that have been considered safe for decades are now over-regulated just for a matter of definitions, without a real reason. Moreover, the proposed Regulation on Machinery already covers the safety aspects of integrating AI in the framework of the risk analysis. So we need to create more flexibility for risk-based, case-specific implementation of the requirements.

Conclusion
This is a timely discussion, with both AI Act and Machinery Regulation making their way through the legislative process, now is the time to focus on its links, but also on potential unintended consequences. We will continue to engage in the process to ensure the final result will still allow Europe to lead the way on Advanced Manufacturing, whilst at the same time, providing the necessary trust to users.

Michał ZAKRZEWSKI, APPLiA, Digital and Competitiveness Policy Area Director

In recent times, Artificial Intelligence (AI) has grown to become an area of strategic importance and a key driver of economic development. Alongside other international actors, Europe has taken its first steps to become a global hub for trustworthy AI, while sticking to its foundational rights and values.

Whilst it is key for the EU not to miss this global race from a technological, economic, and geopolitical point of view, it is of critical importance to work towards the development of a better understanding of the matter. For a long time, European consumers have had their grasp of AI influenced by sci-fi novels and movies which do not reflect the reality for most European manufacturers. For this reason, a common definition of AI is needed to provide legal certainty to manufacturers and regulators, alike. A prerogative that appears to be well addressed by the draft Artificial Intelligence Act.

Flexibility should be the master ingredient of a successful AI recipe, that is functional for the needs of EU industries. Over-regulation would indeed risk creating too many barriers to technological innovation while ultimately negatively impacting the competitiveness of the industry. In this regard, it is of critical importance that freedom to research and innovate is preserved at all stages.

Striking a fair balance between safety and innovation is crucial to strengthening Europe's ability to compete globally. Let us take the case of home appliances, in reference to Art.6 of the draft Act. Products should only be considered 'high-risk' if the AI system is clearly intended to be used as a core safety component or is the product itself. If, instead, the AI system is only providing additional functionalities, the product should not be considered 'high-risk'. In this sense, the

implementation of agreed standards is crucial to the successful operation of legal requirements, from principles to practice.

In conclusion, the draft Act sets a thoughtful start to the legislative process in Europe by laying the foundations for trans-Atlantic cooperation, towards a successful capitalisation of AI in Europe.

Ondřej KOVAŘÍK MEP, (Renew Europe, Czech Republic) Intergroup on Artificial Intelligence & Digital, Committee on Economic and Monetary Affairs

Artificial Intelligence (AI) is already part of our lives, transforming our world and our societies. AI will play an increasing role in our everyday lives, improving our quality of life, offering new opportunities and opening new perspectives for individuals and businesses, across all sectors. AI can make a huge contribution to reaching our common goal of improving the lives of our citizens and fostering prosperity within the EU. As a strategic engine of productivity and economic growth, it will increase global GDP in the years ahead.

However, the use of AI systems also raises a number of ethical challenges. It has the potential to create discrimination and inequalities and to call into question human autonomy. Thereby, we must recognise, harness and promote its benefits for our society, while democratically deciding the limitations which need to be laid down and which safeguards should be provided to ensure the deployment of ethically embedded AI that respects the European Charter of Fundamental Rights.

The use of AI must fully respect fundamental rights, freedoms and values, including privacy, the protection of personal data, non-discrimination and freedom of expression and information, as enshrined in the EU Treaties and the Charter of Fundamental Rights of the European Union.

The draft AI act is the first ever attempt to enact a horizontal regulation of AI. The proposed legal framework focuses on the specific utilisation of AI systems and associated risks. The Commission proposes to establish a technology-neutral definition of AI systems in EU law and to lay down a classification for AI systems with different requirements and obligations tailored on a 'risk-based approach'.

While generally supporting the Commission's proposal, stakeholders and experts call for a number of amendments, including revising the definition of AI systems, broadening the list of prohibited AI systems, strengthening enforcement and redress mechanisms and ensuring proper democratic oversight of the design and implementation of EU AI regulation.

Francesca HENNIG-POSSENTI, European Committee of Agricultural Machinery Manufacturers Associations (CEMA), Chair Artificial Intelligence Task Force, JOHN DEERE

In the last decades the world experienced a strong trend leading to changes in dynamics and production in Agriculture. The world population is growing exponentially, and estimations range from nine to eleven billion people by 2050.

This drastic population growth is accompanied by important changes in the production of food and energy where the demand is shifting more and more to a higher protein diet, higher quality for the products and a higher demand for agricultural product in non-food sectors. This all is paired with a request for sustainable production and a more ecological footprint for producers, contractors and farmers. In addition to that the agricultural sector needs to cope with climate changes, political instability, more recently war but also water shortage and urbanization of the society where people are moving towards cities, causing a growing shortage of agricultural labour availability.

At the current level of production, the demand for agricultural goods at the current peace can only cover a low amount of the increasing demand in terms of quantity and quality of food. Maintaining the current level of food availability with such intense increase in the population will require to increase up to 70% our production, without a decrease in quality.

At the European Commission level, agriculture plays an important role in the future of the European Union: the Common Agricultural Policy, the EU Green Deal, the Farm to Fork Strategy and the Biodiversity Strategy for 2030 all point out how emerging technologies will play a growing role to ensure to reach the objectives of a more sustainable agriculture while underlying the importance of a food security strategy at European level. In addition, the Coordinated Plan on Artificial Intelligence published by the European Commission in April 2021 covers actions to support the development of Artificial Intelligence systems for sustainable agriculture.

Artificial Intelligence applications in robotic, autonomous machines, data analysis can make the difference in the chances to reach the objectives above.

Digitalization, Automation to Autonomy and Precision AG enhanced by Artificial Intelligence are the keys to allow a smooth transformation in the next years preventing unexpected shortages and increasing the production to grant the sustainability of the agriculture of tomorrow. Facilitating this process and enhancing the usage of new technology is a key to reach and ecological and economical sustainability for the production also fostering a positive development in rural areas.

Artificial Intelligence is the key to enhance, foster use and develop the already existing capability in mechanization, automation, and data analysis. However, while the Artificial Intelligence powered technology is increasing its speed and providing more and more ranges and types of application the legal framework to allow a secure and foreseeable risk allocation in the sector is still permeated by uncertainty. The need of a legal framework for AI embedded products was clearly addressed by multiple stakeholders and permeated the discussion in the last years.

The new draft Regulation on Artificial Intelligence is a first step to provide a legal framework for producer, distributors, users, and farmers. It is conceived as a risk assessment and compliance framework addresses a very large sector providing an utmost important base for the ethical understanding of AI use in our society. It aims to provide a guidance for a compliant AI that fulfills the principles of certainty and transparency. At the same time the new Regulation needs to align and harmonize with the existing and the upcoming legislations (eg. GDPR, draft Machine Regulation, Tractor Regulation etc.).

It is to be considered that the disruptive effect that is inherent in AI technologies has indeed also the power to disrupt the legal application of basic law principles what renders the allocation of responsibility and liability a specific challenge at legal and also societal level. Due to the indeterministic character of the technology, it disrupts one of the basic law principles that involves for example a link of causality between action and effect. Thus, it leads to several questions in the assessment of the liability.

In the equation of the factors the secure control of data structures and processing becomes an x factor that cannot be easily solved particularly when human intervention, the source of data, the parameter and the variable starts to multiply and increase complexity (eg. multiple stakeholders in data collection, differences in data types and sources, variability of possible models. This is the case in agriculture where the data collection and parameters are so variable and heterogenic that the ex-ante but to a great extent also the ex-post evaluation of the actions and predictions results in a challenge. The AI Regulation rightly addresses the risk related to the adoption of the AI technology rather than entering in the detail of the nature of the technology itself.

This becomes also evident in the consideration that autonomous drive on the road represent just a small part of the activities in agriculture where the largest part of operations is in the field: in the preparation, in the different phases of crop production, in the data evaluation, forecasts and simulations, in the logistic and fleet coordination.

In this sense it appears important to differentiate and target the effective and dynamic risk related to the various agricultural operations providing a framework that allows an efficient development, production, introduction on the market of AI powered solutions in order to benefit of the clear advantages that the technology can bring on the way to reach the targets of 2050. It surely calls for an ad hoc legislation in the agricultural sector that takes account of the complete picture and different range of risks.

At the moment initial investments, uncertain liability, high burden for the application of AI solutions, the usage of a disrupting technology that is intrinsically difficult to understand and the gap in skill and knowledge in the agriculture sector are slowing down the adoption of those technologies on a larger scale. However, the generational change has seen new farmers opening up and approaching more and more those technologies and is now requiring to address the AI applications in consideration of the requirement in the agricultural field and the different level of risk in the production phases.

Conclusion

To meet the goals to feed an increasing population in a changing and increasing challenging world requires to foster the adoption of new technologies and increase confidence for users and society. For companies in the EU investments in AI technologies may represent a growth opportunity but there are still many open questions in relation to the embedding of the technologies in the products and putting them on the market.

The new Artificial Intelligence Regulation represents a step in the right direction to provide a legal compass in a fast-growing and promising artificial intelligence applications field. However, the burden for some application that may fall under the highrisk category in the Artificial Intelligence Regulation are high and have the potential to impact the competitiveness of EU farmers toward farmers in other jurisdictions. Agriculture requires a dynamic risk evaluation that takes account of several factors and different level of risks that differentiate Agricultural from other fields of application. Furthermore, harmonization with existing laws may require additional attention in order to avoid uncertainty and foster societal acceptance, investments, adoption, and development of the AI technology in the agricultural sector

Daniel GUEORGUIEV, ERICSSON, Director, Government Affairs & Industry Relations

I only have 3 minutes to talk about a legislative act of 85 articles and 9 annexes so I will raise one main concern here before diving deeper during the discussion.

First and foremost, I would like to commend the European Commission for being, again, a leader in digital regulation and especially pioneering legislation on a technology like AI. About ten years ago, I was here in Brussels working on GDPR, and what a global success and benchmark for the protection of personal data it has become today.

I think Europe can and should lead the way in AI as well. Having said that, we should not be complacent that because we got it right previously that it will be the same with AI. It is by far the most complex technology out there and finding the right way to regulate it will be a monumental task, not least because the rest of the world is also looking with anticipation at us.

Ericsson is in the communication business for almost one hundred and fifty years now and we know a thing or two about innovation and complex technologies. As a matter of fact, we use "AI" throughout the products and services that we have, whether it is its simple decision trees to improve energy efficiency and help reduce greenhouse gas emissions to more complex machine learning algorithms that anticipate faults and repairs before outages happen.

Our vision and ultimate goal for the end of this decade will be to have completely cognitive networks that are run by intent-based mechanisms and operations with a human centric approach and principles. The research and development we are putting towards this vision and technology will define those networks of the future. Ericsson is actually ninth in Europe overall in R&D investment and second in ICT products after our colleagues here from Siemens according to the EU R&D Investment scoreboard published last December by the Commission. The difficulty and burden that legislators like yourselves face now, is getting the balance of the regulation right. What I mean is on the one side we need to ensure the protection of health, safety and well-being of European citizens. By creating a safety net and layer if you will that ensures certain types of AI are banned while others deemed High-Risk and follow very strict regulatory and compliance rules. On the other side we need to ensure that European companies that constitute the foundation of the European economy can innovate, develop world leading products and ensure our technological leadership, especially in the world of today.

What we fear is that while the Commission proposal was not perfect – its spirit and provisions did strike a balance based on facts and use cases – the co-legislators might, for fear of what the technology could develop into and in anticipation of "potential" issues threat, decide to introduce much more restrictive provisions within the AI Act that would go beyond protecting the health and safety of European citizen. Using the High Risk category for example as a catch-all bucket for future AI. This is something that we have seen already coming out of the European Council last November. So, from this perspective it would be critical to make sure that indeed only AI that endangers the health, safety and wellbeing of people is considered High-Risk while leaving room for innovation for the AI that does not.

Tsvetelina PENKOVA MEP, (S&D, Bulgaria) Intergroup on Artificial Intelligence & Digital; Industry, Research and Energy Committee

Thank you very much for having me at this interesting webinar, focusing on one of the key aspects of digitalization that will persist almost across all facets of our walks of life.

From personal lifestyles to major business, AI will be among the key technologies integrated in the ways we travel, communicate and the way we conduct our businesses.

At the European Parliament, we are aiming at extending the EU's approach in deploying a safer AI technology that will help to build a resilient Europe for the Digital Decade where people and businesses can enjoy the benefits of AI.

If Europe succeeds in developing and integrating AI into workflows, productivity could rise by 20% or add about €2.7 trillion to the European economy by 2030.

AI could help reaching the goals under the Green Deal as well as reduce global greenhouse emissions between 1% and 4 % by 2030.

Achieving a vibrant AI ecosystem will help reducing the existing technological gap between Europe, US and China.

Furthermore, in the context of the pandemic, AI can be applied in clinical trials, more efficient and rapid treatments.

In the context of the current geopolitical situation, I am sure AI can be applied in many positive ways in order to battle disinformation and fake news that have already fanned the flames of distrust towards media, politics and the institutions in the EU.

The current energy crisis also shows us the need of properly regulated AI, which can serve to balance electricity supply and demand needs in real-time, optimize energy use and storage to reduce rates.

As a person coming from the banking sector, I consider AI as an opportunity, which has the potential to boost financial services competitiveness and economy to levels never seen before.

The proper implementation of AI would be a key competitive advantage for business across Europe.

AI has the potential of transforming how the consumer markets and the economy operates. The potential benefits for both consumers and businesses are numerous, but concerns persist. Therefore, it is important to look at the issue from both sides of the coin.

Transparency, data security and reliability are among the main problems on which all efforts need to be concentrated in order to deliver smooth and safe AI implementation.

It is critical to ensure that the consumers have clear rights that protect them and enable them to benefit from the societal digital transformation.

Therefore, the social, economic and ethical consequences of AI have to be always at the forefront of the legislative framework we are currently building.

From my point of view as a Member of the European Parliament, even though AI can foster the creation of the fourth industrial revolution, we shall not disregard the regulatory and ethical challenges.

We need to guarantee that the regulatory framework runs at similar pace to ensure the protection of consumers and their data, but without this at the expense of innovation and progress.

Discussions like this are extremely useful in order to tackle the current concerns and find solutions together through a fruitful debate.

CONCLUDING REMARKS

Antony Fell, EUROPEAN FORUM FOR MANUFACTURING, Secretary General

We have heard excellent presentations this evening. I would like to thank our European Commission speaker Anne-Marie Sassen, the MEPs and European manufacturers for their input in this policy debate on the Artificial Intelligence Act.

And I would also like to thank Susana Solís Pérez MEP once again for her outstanding chairing and moderation.

I formally close this European Form for Manufacturing virtual meeting.

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