Technology Industries of Finland

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Recommendations for the EU's Apply AI Strategy

Technology Industries of Finland urges the EU's Apply AI Strategy to prioritize three pivotal areas: **(1)** the establishment and empowerment of AI networks, **(2)** the development of AI verticals, and **(3)** the consistent implementation of the European rulebook on AI and data, with the help of RegTech tools. These components form the backbone of a robust strategy intended to foster AI-driven innovation, facilitate competitiveness, and ensure regulatory harmony across the bloc.

1 AI networks for widespread AI adoption in the EU

Europe needs to accelerate AI adoption and innovation by empowering industry-led national and regional AI networks such as AI Finland and AI Sweden through EU-level support. These networks foster collaboration, peer learning, and cross-domain knowledge exchange, enabling companies to overcome barriers to AI deployment and scale AI across industries.

- **Financial support and co-funding**: Establish an AI Network Support Fund to co-finance the creation and growth of national and regional AI networks. Provide additional financial incentives for networks demonstrating significant impact in driving AI adoption and fostering innovation, especially in sectors governed by the EU AI Act. Assign pioneering AI networks to create playbooks and other open blueprints to facilitate the establishment of networks in different locations. Leverage AI networks in developing and deploying large language models for smaller European languages, ensuring inclusivity and broad AI accessibility across the continent.

- **Knowledge sharing platform**: Develop an EU AI Network Hub with AI Factories as key contributors, to connect national and regional AI networks, facilitating cross-border collaboration and sharing of best practices, AI case studies, and practical resources. Encourage cross-sector learning and problem-solving through regular workshops, webinars, and summits. The Hub could function as an independent entity or alternatively under the Commission's AI Office, ensuring alignment with EU strategic priorities.

- **Cross-border collaboration**: Offer dedicated funding for partnerships between AI networks across Member States, focusing on shared AI deployment challenges like data governance, regulatory compliance, and ethical AI development under the EU AI Act.

- **Access to EU resources**: Ensure AI networks have access to EU-wide data spaces and high-performance computing resources, European AI Research Council and AI verticals initiatives, to accelerate the development of AI-powered industrial systems, particularly benefiting SMEs and startups.

- **Collaboration with regulatory sandboxes**: Support cooperation between national AI networks and regulatory sandboxes, as required by the AI Act, to help companies, especially SMEs, test AI systems in controlled environments. By linking sandboxes with AI networks, organizations can navigate regulatory requirements while facilitating safe experimentation and fostering innovation. AI Factories can perform as useful intermediaries, connecting the networks and the sandboxes.

Technology Industries of Finland
Eteläranta 10, P.O.Box 10, FI-00131 Helsinki
Telephone +358 9 192 31
www.techind.fi
Business ID: 0215289-2

What is AI Finland?

AI Finland is a national network that brings together over 300 organizations, including startups, large enterprises, and public institutions, to promote the development and deployment of AI through peer learning and knowledge exchange. The network facilitates cross-industry collaboration, helping organizations accelerate AI adoption and address challenges collectively.

What is AI Sweden?

AI Sweden is the national center for applied AI, dedicated to accelerating the use of AI for the benefit of society, competitiveness, and innovation. Supported by the Swedish government and private sector, the network includes over 100 partner organizations from public and private sectors, as well as academia. AI Sweden fosters collaboration across regions through its hubs, sharing knowledge, tools, and resources to help organizations leverage AI for solving societal and business challenges, while boosting Sweden's position as a leader in AI innovation.

How this differs from European Digital Innovation Hubs (EDIHs)?

While EDIHs focus broadly on digital transformation and supporting SMEs and public services across various technologies, national AI networks emphasize AI-specific peer learning, cross-industry collaboration, and compliance with the EU AI Act, fostering tailored AI ecosystems at the national level.

2 AI verticals to drive innovative deployment in key industries

The Apply AI Strategy should incorporate the development of AI verticals across key industries such as manufacturing, healthcare, energy, telecommunications, transport, cybersecurity and defence. These AI verticals will serve as specialized, industry-focused initiatives designed to leverage AI technologies, including sector-specific AI models, to address unique challenges and accelerate innovation within these sectors. This approach enables the EU to foster technological innovation while promoting sustainability, thereby making a substantial impact on achieving the EU's green transition objectives.

- **AI vertical pilots for key industries**: Create industry-specific AI verticals with pilot projects targeting high-impact use-cases such as predictive maintenance in manufacturing. The goal should be to develop the most value-adding segments of the supply chain. Encouraging voluntary data pooling through trusted cooperatives or consortia can promote innovation by allowing industry participants to share anonymized or aggregated data. Such agreements help SMEs, startups, and larger companies collaborate on AI model development and drive innovation. Additionally, promoting the development and use of open-source AI solutions ensures transparency, accessibility, and adaptability of innovations across sectors.

- **AI vertical support through funding and infrastructure**: Provide targeted funding through Horizon Europe and Digital Europe Programmes for the development of AI verticals in key industries. AI verticals should be supported by access to high-performance computing infrastructure, including via initiatives such as AI Factories. Participation in sector-specific data spaces should also be encouraged, with voluntary contributions of data rewarded through recognition programs and preferential access to trained AI models.

- **Talent development for AI verticals**: Design training and upskilling programs focused on the needs of specific AI verticals. Collaborate with universities, industry groups, and

research centers to develop curricula that prepare workers for AI-driven roles within verticals.

- **Horizontal collaboration between AI verticals**: Encourage collaboration between sector-specific AI verticals while engaging with AI research centers, universities, national and regional AI networks, regulatory sandboxes, and private sector innovators. Leverage AI Factories, the AI-on-Demand platform and other EU initiatives to provide AI tools, resources, and data to drive cross-sector innovation and experimentation.

3 Consistent implementation of the European rulebook on AI and data

Europe needs a unified and innovation-friendly governance framework for data and AI regulation with a view to streamlining compliance with the AI Act and other related regulations. This framework should provide clear guidelines on data access, sharing, and security for AI development. Additionally, it ought to promote the development and scaling of RegTech (regulation technology) tools to assist companies in navigating complex regulatory landscapes.

- **Harmonized AI regulatory landscape across Member States**: The strategy must prioritize coherent implementation of a common AI regulatory framework across the EU, ensuring that regulations like the AI Act, the GDPR, the Data Act, and the CRA are applied consistently and that no new sectoral or national legislation is introduced. This will prevent legal fragmentation and reduce the regulatory burden for businesses operating across borders. The framework should include clear, accessible guidelines on data governance, regulatory compliance, and sandboxing. Moreover, it should clarify the interplay between the AI Act and related EU product legislation, avoiding interpretations which could hinder the uptake of AI solutions in various industries.

- **AI Liability Directive**: The AILD is not needed since the expanded Product Liability Directive now includes software and AI. There are no instances requiring additional legislation, making this directive redundant.

- **Digital Rulebook competitiveness check**: Over the next term, a comprehensive assessment of the effects of EU data and digitalisation legislation on the competitiveness of European companies should be conducted as part of the better regulation agenda. The evaluation should identify the main regulatory challenges and obstacles in developing and introducing AI-driven and other digital technologies and services in Europe. Based on this, an action plan should be created to reform or simplify regulations, ensuring European companies remain competitive globally in the fast-emerging data economy.

- **Scaled-up RegTech solutions**: Invest in the development and scaling of RegTech tools designed to help businesses comply with complex AI-related regulations. These tools should leverage AI to automate regulatory processes, such as real-time compliance checks, data privacy management, and impact assessments. RegTech might also include services for anonymizing and pseudonymizing personal data. EU funding and grants should be provided to tech companies working on RegTech innovations, with a special focus on supporting SMEs and startups in their compliance efforts.

- **Integration of RegTech into AI networks**: Ensure that RegTech tools and resources are made available through AI networks and regulatory sandboxes (cf. proposal above). These networks should provide member organizations with access to RegTech solutions, training on how to use them effectively, and assistance in integrating RegTech into their AI

operations. AI networks could also serve as intermediaries between regulators and businesses, offering guidance on real-time compliance issues.

- **EU RegTech innovation platform**: Create an EU RegTech Innovation Platform that brings together AI experts, regulators, and tech companies to collaborate on developing next-generation RegTech tools. This platform would facilitate the exchange of best practices, offer innovation challenges and hackathons, and promote collaboration across Member States to ensure that RegTech tools remain up to date with evolving regulatory frameworks.

Example: A joint Finnish-Danish initiative plans to publish digital tools clarifying the AI Act, the Data Act, and the EHDS Regulation by late 2024

Public and private parties in Finland and Denmark have come together in a joint action to produce a catalogue of e-tools to explain and educate the industry on the AI Act, Data Act, and European Health Data Space regulation. The pilot is part funded by Technology Industries of Finland. These e-tools are provided by Lean Entries through their RegTech platform Entries, in English, and are scheduled for launch by the end of 2024. They will be free for use by all Finnish industrial sectors and the Danish health tech sector throughout 2025.

4 Other proposals to promote AI deployment and data economy

- **Link to the Data Union Strategy**: In companies, the deployment of AI and the development of data capabilities always go hand in hand. This fact should also be reflected in the Commission strategies and activities to ensure that the Apply AI Strategy and the Data Union Strategy are fully aligned. Furthermore, the two strategies must also be coordinated with the Union of Skills as data utilisation and AI development are dependent on skilled and innovative people.

- **AI in the workplace**: The initiative of regulating the use of algorithms in the world of work should be included in the scope of the Apply AI Strategy as it integrally connects to the implementation of the AI Act. The first step should be a thorough analysis of the applicability and implications of the GDPR and the AI Act in the workplace. Regulatory actions should not be taken until their necessity has been thoroughly evaluated.

- **EU Cloud and AI Development Act**: We endorse initiatives to enhance advanced computing infrastructure required to train and run AI models and systems across European industries, particularly in AI verticals. This involves promoting both HPC and the IaaS layer of the cloud (i.e., Europe-based data centers) and creating a common EU-wide approach to public cloud tenders. The European cloud policy should de-prioritize the SaaS and PaaS layers, as businesses generally do not need Europe-specific services. The cloud policies laid out in the Data Act suffice.

- **Continuation of the Digital Europe Programme**: The Digital Europe Programme is the first funding programme of the EU focused on bringing digital technology to businesses, citizens, and the public sector. With a clear focus, the programme delivers results, and it should be continued as the primary vehicle for funding the initiatives laid out in the Apply AI Strategy. To make sure the Programme attracts most impactful and beneficial proposals increase the maximum funding level to 70% (currently 50%), revise bureaucratic practices to minimize administrative burden to companies.

Inquiries:

Jussi Mäkinen, Director, EU Regulation, jussi.makinen@techind.fi, +358 40 900 3066
Joonas Mikkilä, Senior Advisor, joonas.mikkila@techind.fi, +358 45 129 6791
Antti Poikola, Data Economy Lead, antti.poikola@techind.fi, +358 44 337 5439