

# Digital Simplification Package: Direction Right, Not Pivotal

The European Commission published its Digital Simplification Package – or Omnibus – 19 November. Here are the Technology industries of Finland’s observations.

The leading objective that connects the different proposals would be the AI development in the EU and reducing administrative burden. Quite many of the proposals are necessary fixes to the regulation, that make compliance more straight-forward.

TIF sees this project very necessary to develop European competitiveness and solutions for the digital single market.

## **AI Omnibus**

Technology Industries of Finland supports the postponement of 12 or 16 months of the application of high-risk AI rules, until the harmonised standards are ready. The Commission also proposes granting generative AI systems placed on the market before August 2026 an additional six months to meet certain transparency requirements.

A range of further adjustments is proposed. These include removing the registration obligation for high-risk systems exempted from requirements, making AI-literacy obligations voluntary for companies, and easing real-world testing for high-risk, product-regulated AI systems. The Commission also proposes a new legal basis for processing certain special-category data to detect and mitigate bias in AI systems and models.

The scope of SME-specific relief measures for documentation and administrative fines would be extended to companies with up to 750 employees and turnover below EUR 150 million. The lighter quality-management-system requirement currently applicable to micro-enterprises would be extended to SMEs.

Another notable change is that oversight of general-purpose AI model-based systems offered by the same provider as the underlying model would be transferred, as a rule, to the Commission’s AI Office. The same would apply to AI systems integrated into very large online platforms or search engines under the Digital Services Act. The Commission would also be able to establish an EU-level regulatory sandbox for such systems.

The proposed adjustments to the AI Act are broadly positive for Finnish tech companies, but their overall impact is moderate. The Commission may have to brake AI omnibus into two and serving the stop-the-clock as separate proposal, as the date for application is already in July 2026.

## **Data Omnibus**

The changes proposed to the Data Act seek to establish better balance between trade secrets and mandated data sharing, limiting public authorities' access rights to data and merging Data Governance Act and couple of other data-related directives to it, while delivering re-writes to the most stringent bits of the regulation, mostly addressing the requirements to the data operators.

The Data Act's obvious challenge with manufacturers – access to data only through contract and unnecessarily rigorous limits for data processing were left as they were. Technology Industries of Finland still calls for reassessment of the limitations, at least for granting the rights to use data for diagnostics, research and development, quality control, and safety purposes.

## **Data Protection**

The Commission proposes surprisingly bold (and welcome) changes to the GDPR. Some of them, such as change to the definition and clarification to processing of biometric data for identification. These are based on existing case-law and sleek out the unnecessary burden, taking the regulation to more reasonable and risk-based direction. The same goes for Data Protection Impact Assessment and notification obligations which the Commission not only proposes to streamline but consolidate throughout different regulations. This is very welcome indeed.

The Commission also proposes technically quite small, but significant clarification to pursue more friendly environment for AI development in the EU: it would fall under the legitimate interest and under quite strict requirements, also could cover special categories of data. The straight-forward approach continues on cookies that would be subject to the streamlined rules under the GDPR and not under national implementations of the e-privacy directive.

Commission proposals are straight-forward and the desired objective is clear. This approach should be commended and proposals thoroughly analysed. For the European digital model, the best thing is the development of the market. That is clearly the Commission's objective, and the proposals need to be carefully analysed, and where necessary, developed further. Our call for co-legislators is to show that we can develop EU acquis further to facilitate a set of regulation that is fit for purpose and facilitates apprehension of the European values through European digital services.

## **Innovation Through Regulation does not work**

Another connecting factor throughout the package is to admit that innovation through regulation does not work, it is quite literally putting the cart on front of the horse. Commission has realised that European companies are slow to invest in data and AI. Without asking the companies, they have rushed to create with beam-me-up-speed the digital acquis to cultivate trust. Judging from the Digital Decade figures for data and AI, this approach has proved not to work. Magnificent regulatory momentum has had one effect: postponement of the investments. This Omnibus is for the large part about fixing the rather obvious errs done on the process.

---

**For further inquiries:**

**Jussi Mäkinen Deputy Director for EU and Public Affairs tel. +358 40 900 3066**  
[jussi.makinen@teknologiateollisuus.fi](mailto:jussi.makinen@teknologiateollisuus.fi)

**Joonas Mikkilä Senior Advisor for Digital Policy tel. +358 45 129 6791**  
[joonas.mikkila@techind.fi](mailto:joonas.mikkila@techind.fi)

---

*Technology Industries of Finland (TIF) represents Finnish technology industries and counts over 1,800 member companies, ranging from SMEs and start-ups to world leading MNEs. The technology industry is comprised of five subsectors: electronics and the electrotechnical industry, mechanical engineering, the metals industry, consulting engineering, and information technology. Technology industry is the most important export industry of Finland, with operations constituting over 50 % of all Finnish exports and accounting for 65 % of all private investments in research and development.*

EU Transparency Register ID: 39705603497-38