**Council of the
European Union**

**Brussels, 10 January 2019
(OR. en)**

15662/18

**COMPET 904
MI 1036
IND 429
DIGIT 265
JUSTCIV 320
RECH 555**

NOTE

From:	Presidency
To:	The High Level Working Group on Competitiveness and Growth
Subject:	Coordinated Plan on Artificial Itelligence / Impact of AI on the competitiveness of EU industry

Delegations will find in Annex a note by the Presidency on a Coordinated Plan on AI / Impact of AI on the competitiveness of EU industry, in view of the meeting of the High Level Working Group on Competitiveness and Growth on 24 January 2019.

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Coordinated Plan on AI / Impact of AI on the competitiveness of EU industry

(1) The European Commission Communication on a Coordinated Plan on Artificial Intelligence (AI) was adopted on 7 December 2018[1] and the draft Ethics Guidelines for Trustworthy AI elaborated by the High Level Expert Group on AI were published on 18 December 2018. The purpose of this Presidency note is to follow up to the above mentioned Commission Communication and provide input for the debate on both the Coordinated Plan on AI and the Impact of AI on the competitiveness of EU industry, that will take place at the meeting of the High Level Group on Competitiveness and Growth on 24 January 2019 and at the Competitiveness Council on 18 February 2019. Council Conclusions on the Coordinated Plan on AI will be prepared by the Working Party on Competitiveness and Growth (Industry) and are foreseen to be adopted by the Competitiveness Council[2].

(2) Member States are now invited to look at the synergies and opportunities that the Coordinated Plan offers and to speed up the European Union's AI efforts. As a most recent step in modernising industrial policy, Friends of Industry at EU-level agreed on a joint statement[3] on 18 December 2018. This declaration is one important step towards concrete proposals on AI and industrial policy to be considered in the future priorities of the Union and in the work programme of the next European Commission.

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[1] Doc. 15641/18+ ADD 1, COM(2018) 795 final
[2] The envisaged title of the Competitiveness Council Conclusions is "Draft Council Conclusions on the Coordinated Plan on the Development and Use of Artificial Intelligence Made in Europe".
[3] Friends of Industry, Joint Statement by France, Austria, Bulgaria, Croatia, Czech Republic, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia and Spain. https://www.entreprises.gouv.fr/secteurs-professionnels/amis-de-industrie-6eme-reunion-ministerielle

(3)   Digitalisation and AI are essential for the EU's economic success and for the rethinking of the industrial policy. Transformation of industry and services embracing digitalization is crucial for the economic growth, employment and global competitiveness. Hence, the future industrial policy setting a vision for 2030, or beyond, should focus on the key success factors, i.e. the opportunities brought by digitalisation and data economy and the need for disruptive innovation. In this context, the EU's multiannual financial framework (MFF) and its sectoral programmes will be important elements to strengthen and build up capacities in artificial intelligence in Europe.

(4)   AI might hold the keys to solving the challenges citizens face and improving lives of people. The goal of the European Union is to promote AI capabilities and solutions that meet citizens' aspirations, respond to societal needs and boost competitiveness. The Member States have agreed to work towards a comprehensive and integrated European approach on AI to increase the EU's competitiveness, attractiveness and excellence in R&D in AI.[4] AI and robotics are likely to have a disruptive impact on the current labour market, in particular in industrial sectors - making different types of jobs disappear, while creating better quality and new types of jobs. Consequently, careful attention needs to be paid to managing in a comprehensive manner the short-term labour market transitions, as well as to developing education systems.

(5)   To fully seize the opportunities AI offers for economic development, it is vital to foster the global competitiveness of European enterprises as well as their access to global value chains and networks. To reach a common and integrated European approach, the Single Market as a concept needs to be reframed in a more holistic and forward-looking way that would bring together intended implications between Single Market, digital economy, AI and industrial policies as well as horizontal policy objectives such as environment and climate. Combining these policies is also necessary in order to respond to global challenges, such as the climate change.

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[4]   Referred on 20.12.2018: https://ec.europa.eu/digital-single-market/en/news/eu-member-states-sign-cooperate-artificial-intelligence

By way of example, a successful transition to circular economy would require a more systemic view, as well as more efficient use of data, platforms and key emerging technologies. AI innovations promoting a circular economy can offer European companies a global competitive edge.

(6)   AI holds great potential that is now within closer reach than ever due to the combination of powerful computing and massive data sets that are increasingly available for industrial and commercial use. Furthermore, technology has been acknowledged to be an area of strategic importance and a key driver of productivity growth and economic development.

(7)   The European Union must be able to create a business environment and right conditions for companies to reap the opportunities of digitalisation and make good use of the economies of scale within the Single Market. European businesses need to have access to global value chains by developing their own digital strategies and skills. The EU should focus on creating a testing and operating environment for the data and platform economy and promoting the value creation of digital services and platform businesses. The Digital Europe Programme will support the setting up of such testing areas. It is vital to support European companies to find the courage and means to develop and apply AI to keep their core businesses compatible with global AI developments.

(8)   The European Union is already on the right track. Europe has taken important steps to tackle the overall challenge, e.g. by establishing a solid framework for privacy protection (i.e. the General Data Protection Regulation). To be able to continue on this track highlights the importance of a common data policy in the European Union. In order to reach an overall understanding of required data governance for Europe, the next step is to identify strategic data policy objectives for the EU for the next 5 years.

(9)   Europe should create a comprehensive analysis of the regulatory landscape on data (including privacy rules, access, interoperability, connectivity, sharing and ownership as well as ethics and integrity). Balance needs to be struck between the importance to protect privacy and the objective for the EU businesses to succeed in global competition, by fully exploiting the opportunities of digital business and of the European data pools in particular. For this to happen, regulatory gaps should be identified and appropriate policy actions proposed for the next five years. For instance, by creating conditions for interoperability, Europe could become more innovative and business opportunities could emerge. For an autonomous vehicle to be functional, an environment with smart traffic systems is needed in addition to the intelligence of the vehicle itself. Streamlining processes of interoperability would require fostering efficient and seamless cooperation also between competitors.

(10)   The European Union aims to develop AI based on ethical and societal values and derive global competitiveness from this approach. It will be crucial for the EU to become a significant developer of AI as well as a forerunner and a role model in AI ethics. Developing and applying trustworthy and transparent ethical AI holds intrinsic value. Should Europe wish AI to contribute to solving important societal challenges such as fighting climate change, treating chronic diseases, autonomous driving/mobility or improving the conditions of farm animals, it is crucial to set clear targets and steer the technological development as well as the regulatory regime towards these ends. Technology-specific targets should be complemented with impact-driven ones.

(11)   The EU needs a regulatory framework, which can enable developments and foster innovations in AI while at the same time preserving trust in AI. It is important to embrace a holistic approach to all AI-relevant EU legislation and ensure that individual regulatory interventions do not lead to (unintentional) overregulation. This also applies to emerging questions related e.g. to the liability or safety framework.

(12)   The human-centric approach to AI developed within the EU should be strongly and consistently promoted, also worldwide. This is particularly important in order to mitigate the concerns regarding the potential negative impact of AI. European policy actions will have to provide visible results for the well-being of citizens. To this end, and drawing on the example of research funding under research and innovation framework programme Horizon Europe, large-scale horizontal EU policy actions could be organised into missions where aspects such as regulation and financing can be related to the realisation of the objectives concerned. A similar approach has been proposed for research funding under Horizon Europe. A method of this kind could make it easier to follow the progress of each policy action and ensure its outcomes.

(13)   The Coordinated Plan on AI is a good starting point for the European AI journey. The European Union should be bold in defining and reaching for maximal impact in the digital economy. The EU should raise its level of ambition in digitalisation and aim at becoming a leading digital economy player and a driver of AI at global level. The European Union should make the choices and set the targets to respond to the global challenges. The EU now needs to place AI efforts and policies at the forefront of its future growth policy agenda beyond 2020.

Questions for discussion:

1)   *What kind of concrete policy actions could we take in order to contribute to industrial competitiveness in the AI and digital era?*

2)   *What can be done to ensure that the development and application of AI in Europe is anchored in concrete benefits and citizens' aspirations, competitive edges and actual technological transformation?*

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