

Penta Policy Insiders

Policymaker Perspectives

Tech Priorities in the EU

Technology priorities in the European Union have undergone major developments in recent years, largely driven by the 'Shaping Europe's Digital Future' policy. The policy prioritises an open digital space that facilitates the promotion of a greener and more sustainable economy under trustworthy technology. It also focuses on data security and privacy, strengthening digital infrastructure, and ensuring fair competition in the tech industry.¹

The European Artificial Intelligence Act, or EU AI Act, is a new piece of proposed legislation within 'Shaping Europe's Digital Future' that aims to harmonise AI regulation so that "the use of artificial intelligence can support socially and environmentally beneficial outcomes and provide key competitive advantages to companies and the European economy."² The proposed Act divides AI applications into three categories: unacceptable risk, high risk, and non-risk. Under the parameters of the legislation, the first two categories are to be banned or regulated, while the third category will receive little to no regulation.³

As companies look to integrate their technology into the European marketplace, the EU AI Act could become a leading global standard to define future generations of AI usage in our daily lives. It will be implemented in every member state of the EU, and will also shape the EU's technology partnerships with India, Singapore, the US, and other non-EU countries. While policy leaders acknowledge the importance of setting these standards, they also note that there will be challenges when it comes to balancing regulation and innovation.⁴

In the past year, policymaker attention has focused on risks arising from AI, cybersecurity, and cryptocurrency. The issue of safeguarding cybersecurity processes has been particularly pressing because of current geopolitical situations, such as Russia's utilization of cyberattacks in Ukraine.⁵

Cybersecurity



I think that cybersecurity is going to be the big issue next year, because of the geopolitical situation. [It was an issue] in Ukraine. **The European Union needs to move forward towards better integration and a common frame for cybersecurity.**

Senior Technology Advisor, Parliament



You always want to set a standard that will protect you from whatever you can't even imagine yet... That's why it's called zero trust cybersecurity, because you assume that everything is unsafe, and you need to protect it.

Blockchain Advisor, Commission



Given that the world is changing, everything could change... **So do we have enough protection?**

Chief Advisor, Commission

Cryptocurrency



In the EU, the majority of the conversations are to drive digital bank currencies, and to try to regulate that environment because the rest will follow naturally. So it's been very consistent that in Europe, you saw much more cohesive, strategic approach to try to have a horizontal regulatory framework that would address banks.

[Blockchain Advisor, Commission](#)



There is always scrutiny on what's happening with payments. There are safeguards being implemented, to make sure that systems don't fail. We need to have protective measures that prevent systems from being misused by criminals and mafia. There's always pressure that this has to be more efficient, to look at the incidents with regulation, or even more innovative.

[European Finance Monitoring, Council](#)

Artificial intelligence



There are initiatives to make it easier for whoever wants to start using data right away without having to acquire the internal competence set up or the infrastructure to do it. So, from this point of view, when we talk about data and AI, there are quite a few initiatives that are not worth it.

[Cybersecurity Expert, Commission](#)



When [the EU] comes out with a beautiful AI strategy and a beautiful digital bank, and a beautiful digital asset strategy, that's not how the products come in the industry. It's going to take two or three more years to translate that into what business owners need.

[Blockchain Advisor, Commission](#)



Policymakers emphasize the importance of Europe's ability to foster innovation, and note that overly restrictive regulation could be prohibitive to growth.



How we use our data is stringent but good for the consumer, but **we also need to make sure there is a way for companies to use it responsibly to join forces between research and development...** we need to see how to develop better European-based data projects and help local entrepreneurs develop this kind of advantage that Europe now has.

Researcher, Parliament



I think **Europe needs to set up a better framework and certainly provide the infrastructure, the physical and the digital, that allows for the growth.** It needs to be thought of like a physical investment, not just for the future. Because if you have that, members can use this opportunity to invest in innovation through education. **I'd like to see really concrete initiatives to invest in the innovation ecosystem.**

Researcher, Parliament



In general on the management of data, at the governmental level, it's an issue that I think affects a lot of European countries because... **the governments are caught between GDPR and the need to aggregate data...** it's a bit of a mess.

Advisor, Commission

At the core of the prioritization of security and growth is a call for the EU to act as a strong and independent force in the digital world.



The agenda is set in order to make a Europe a great actor in a digital data economy... that is something that is going to be very important in the in the next few years.

Senior Technology Advisor, Parliament



What is most important for the EU, it's to be independent... if someone wants the independence, the most important thing is to protect data from any effects. And also to be at the top level for new technologies innovation.

Chief Advisor, Commission



It is important to know that European Commission is working to set up the structure because they want to not be reliant on the outside structures... every year [there are] conversations about the importance of decoupling and making Europe become a center of innovation.

Researcher, Parliament

In assessing the future of the EU's digital landscape and addressing these regulatory needs, policymakers believe it's key that each EU institution understands and implements the regulations in a coherent manner.



But I think the big problem I see is that everything is still done in silos. So it's the same unfortunate mistakes they've made with every other technology that had to be deployed. AI is a great example, same mistake.

Blockchain Advisor, Commission



I love the fact that they are trying to unify multiple countries, so they're going horizontal at it, as opposed to where every state wants to do whatever they want to do.

Blockchain Advisor, Commission



Technology, politicians need to face the reality we're talking about a system that needs synergy so I think it is now important to look at how we invest. I think that our partnerships, first of all, have to be strategic. Europe has so much money now in venture capital... but I think that we need to better define the targets together of where to invest.

Researcher, Parliament





Conclusion

A large part of the EU's digital agenda is centered around the potential benefits artificial intelligence can bring to both consumers and the EU's digital environment.⁶ However, as with developments in cybersecurity and cryptocurrency arenas, AI also brings with it concerns surrounding privacy, security, and market stability. In policymakers' view, technology regulation should seek to minimize these negative aspects while still fostering a productive ecosystem of innovation within the EU. The EU's transition to more energy efficient cars serves as a productive example; regulations limited cars' energy consumption for the benefit of the environment, but also incentivized innovation on the part of the producers as they sought to meet the market demand for new green transportation technology.⁷

The balancing act between the positive and negative ramifications of AI regulation is the motivation behind the 'risk-based approach' of the proposed EU AI Act, as well as the three pillars of 'Shaping Europe's digital future' – technology that works for the people, a fair and competitive digital economy, and an open, democratic, and sustainable society. This is important not only for Europe's innovation potential, but also for the security and stability of the Union as a whole as it seeks to become technologically self-dependent.

About Penta Policy Insiders

Penta Policy Insiders provides direct feedback from policymakers to government relations professionals, improving advocates' ability to understand, validate, and improve the efficiency and effectiveness of their engagement.

Credits

EU Research Strategist

Caroline Mulvaney

Research Manager, EU Intelligence

Ronald JL Chan

Associate Director, Government Insights & Research Products

Natalie Bahmanyar

Director, Research

Sehare Hemani

Chief Research Officer

Michael Griffin

President

Michael Gottlieb

Citations

1. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/shaping-europes-digital-future_en
2. European Commission, 'Regulation of the European Parliament and of the Council: Laying Down Harmonised Rules on Artificial Intelligence (Artificial Intelligence Act) and Amending Certain Union Legislative Acts.' <https://artificialintelligenceact.eu/the-act/>
3. Future Life Institute, 'What is the EU AI Act?', The AI Act, <https://artificialintelligenceact.eu/>
4. https://ec.europa.eu/futurium/en/system/files/ged/39-how_can_eu_legislation_enable_and-or_disable_innovation.pdf
5. 'Russia's war on Ukraine: Timeline of cyber-attacks', European Parliament, [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2022\)733549](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2022)733549)
6. <https://digital-strategy.ec.europa.eu/en/policies/european-approach-artificial-intelligence>
7. https://ec.europa.eu/futurium/en/system/files/ged/39-how_can_eu_legislation_enable_and-or_disable_innovation.pdf

A Note on Use of These Materials

This document has been prepared by, and comprises valuable proprietary information belonging to Penta. It is intended for educational purposes only.

Except as permitted under the United States Copyright Act of 1976, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a database retrieval system without the prior written permission of Penta. The use of copyrighted materials and/or images belonging to unrelated parties and reproduced herein is permitted pursuant to license and/or 17 USC § 107.

Legal Caveat

Penta has worked to ensure the accuracy of the information it provides in this report. This report relies upon data obtained from many sources, however, and Penta is not able to guarantee the accuracy of the information or analysis contained in these materials. Furthermore, Penta is not engaged in rendering legal, accounting, or any other professional services. Penta specifically disclaims liability for any damages, claims or losses that may arise from a) any errors or omissions in these materials, whether caused by Penta or its sources, or b) reliance upon any recommendation made by Penta.

Confidentiality: All participation in our research is confidential and not for attribution.
