Operationalizing AI policies for Innovation: Moving from Principles to Practice

Conclusions

PANEL I - How can the EU take advantage of AI adoption for economic growth and innovation?

Emerging technologies such as Artificial intelligence (AI) are disruptive, with profound implications for individual life, society and geopolitics. It has given us new positive tools for daily life, from smart utilities to more ambitious public programs based on these tools that improve service delivery, and revolutionized how we - citizens, businesses, governments and others – relate to each other. This transformation is altering the global balance of power, changing the factors that drive economic growth and spurring increasing amounts of debate around technological innovation, data collection and governance, and the relationship between governments, the private sector, citizens and digital technologies. In a panorama of recovery after the converging crises, our world is facing, Panel I aimed to analyse the potential of adopting AI in R&D to speed up technological change and economic growth. This panel explored:

- The economic implications of AI adoption;
- Which sectors governments should strategically prioritise;
- The industrial policy levers they can turn to in order to advance their AI adoption performance.

<u>Main takeaways:</u>

- Artificial Inteligence is the most revolutionary technology because affects industrial processes; services; public authorities and life in general for all citizens. But, the main risk is that it develops faster than regulation. An example is that the European Commission has been trying to legislate it for years. The Artificial Intelligence Act was originally proposed by the European Commission in April 2021. A so-called general approach position on the legislation was adopted by the European Council in late 2022 and the legislation is currently under discussion in the European Parliament.

- Apart to be aware of the risks, it is crucial to focus on opportunities that this kind of technology brings. In this sense, leaders from all sectors must balance the interests. On one hand, making the most of financial and social benefits gained from these new technologies On the other hand, having appropriate policies to manage challenges brought forward by them in order to ensure that we maximize innovation while protecting citizens rights.

- Common values such as democracy, respect and promotion of human rights, and the rule of law are crucial to underpinning digital policy as an essential starting point to move towards that agreement. In this regard, Club de Madrid has been working on strengthening Transatlantic cooperation, that has the advantage of shared values. That will also support having and harmonized governance, that is interoperable and that is based on cooperation between countries and continents.

- In the field of research, there is essential to have an overarching view gathering AI as a discipline and to combine it with all other technologies to create other disciplines. Also, it is crucial to ensure that AI is fully implemented in companies, speeding up and facilitating its implementation.

- Throughout this process of reflection, trust is essential and building it needs security, privacy, reliability and fairness as crucial pillars to make digital technologies a tool to serve inclusive societies.

- There are three ways to favor the adoption of AI (i) Increasing consumers' trust; (ii) Increasing legal certainty, (iii) Standardizing rules.

- Legislation is essential in order to be prepared for the future so that, it is necessary to design the legal framework to only intervene when strictly necessary.

- The main barriers to AI adoption are (i) Lack of skills; (ii) Lack of knowledge of what AI is, what it can and cannot do; (iii) Costs.

- Development of AI should be in 3 phases: (i) Invention; (ii) Innovation; (iii) Implementation.

- Transformative potential of AI is undeniable. Productivity, efficiency, job creation, eco growth, but to what extent does the rate of adoption align with our actual needs? AI tools have already proved successful in addressing many related issues. But our ability to scale them up sustainably depends on certain issues: (i) Alignment, (ii) Job displacement and skills transformation; (iii) Distribution of benefits. The potential solutions to that will be (i) Funding investment in R&D; (ii) Talent development; (iii) Building robust digital infrastructure. To achieve this, the focus will be on having comprehensive regulatory framework to address legal, ethical and safety concerns.

- However, there is also the need to be attentive to certain pressures for ineffective regulations.

- AI itself should not be feared, but instead be concerned with our own capabilities, impulses and capacity to adapt. Hence, regulation is not needed for technology itself, but rather its use, design and development. AI in itself does not have bias. It is the people behind it, who develop it, that do. By not adapting adequately adapting to the challenges of this new reality, we may turn out to be not prepared.

- AI has changed, and governments, companies, societies are aware. In a year, the importance for AI has changed so much. There is a need to train for a global race in this field and work must continue, so as not to be left behind on that global competition.

- Europe is a benchmark in promoting AI regulation; within this framework, Spain is a benchmark at a European level. The country has a regulatory sandbox and the Center for Algorithmic Transparency. Here, the role of the sandbox is essential, as it will seek the best ways to make the European AI Regulation easy to implement, ensuring that fundamental rights are defended without slowing down innovation. Here, the European

presidency of Spain is a pivotal moment to promote the Regulation and not lose speed to facilitate access and implementation of AI.

- In this process, it is important to frame the way in which we invest in digital technology based on the targets of the Digital Decade of the European Commission. These targets cover four essential areas: (i) Basic digital skills; (ii) Secure and sustainable digital infrastructure; (iii), Digital transformation of businesses; (iv) Digitalization of public services.

- Digital technology is the driver of transformation. It is crucial to democratize the access to innovation, ensuring these new capacities are in the hands of all developers. This transformation also comes with important eco implications. Therefore, accelerating progress for these goals requires collective action.

- Europe is not at the same levels of progress in certain areas. European businesses say that the lack of staff with adequate digital skills is an obstacle for them investing in AI; therefore, re-skilling and up-scaling is crucial.

- Europe needs to create an ecosystem for AI in Europe. For that, it is crucial to develop (i) High quality digital infrastructure; (ii) Education as an asset of Europe; (iii) Access to the market; (iv) Risk-taking capacity; (iv) Business government and academia collaboration; (v)Trust.

- In this framework, benefits for Europe will be (i) Move to an economy and society based on personalized and standardized solutions and services; (ii) Increase productivity; (iii) Responding to demographic challenges (aging population). In this point, it is crucial to have an exchange of knowledge between younger and older generations since technological gap is an obstacle to reaching targets of Digital Decade.

PANEL II – Frameworks and models for regulatory policy for governing AI

Digital transformation is altering the global balance of power, driving growing tensions around technological innovation, data collection and governance, and the relationship between citizens and digital technologies. In this context, different national policies for governing AI technologies have emerged, along with regional proposals such as the EU AI Act to address the processes, opportunities, challenges and risks of using AI with their own approach. In a field where so much is yet to be developed, international cooperation is essential to ensure responsible AI practices can be scaled at the global level. In this context, Panel II considered the following questions:

- What are the emerging approaches in global AI governance, and how do they compare?
- What are the best opportunities for interoperability between these differing approaches?
- Which institutions can best help secure that common ground?

Main takeaways:

- Digital transformation is a political thing, thus, a new ecosystem is necessary.

- Interoperability among regulatory systems is needed. The regulation is growing, there is a proliferation of international approaches. AI is a field where there could be self-

contained regimes of international law. It is essential to go beyond the standards to have the necessary institutional scaffolding and appropriate rights protections.

- There are two ways in which jurisdictions are approaching AI regulation: (i) Vertical approach (UK, US, where it is handled by the department in charge); (ii) Horizontal approach (EU trying to categorize technology and defining risks within that one broad bill). These two models share three core issues: (i) They both take a risk-based approach. They are too broad (vertical approaches are more specific in describing what that risk category is); (iii) The challenge when trying to unpack the AI value chain.

- Defining what good behaviour is, both rely on standards. The issue is it takes a lot of time to develop standards. However, standards will go to act as bridges for cooperation, so that, it is crucial that middle and third countries get involved and not be left out of discussions.

PANEL III – Building democratic, trustworthy and accountable AI: a shared responsibility

The emergence of generative AI, or so-called 'General Purpose AI' models, in 2022, has upended many assumptions legislators had about AI just two years ago. A single model can now generate text that can pass legal exams, images that can win art competitions, write new code, and more. The same model can either generate ground breaking new therapeutic drugs or be repurposed to invent lethal biochemical weapons. The shift towards models that can be repurposed for many specific uses raises important questions. It underlines the importance of considering how responsibility should be shared across the AI value chain, between developers, deployers, and users. The rapid developments in recent months also indicate the value of governance tools that can support an agile and nimble approach.

Panel III aimed to be a thought-provoking space to share recommendations and proposals to make AI safer and fairer to serve the public interest while protecting the democratic mandate of public policy-makers and innovation, identifying the best ways to share and support accountability between developers, deployers, and users in the AI value chain. The panel considered the following questions:

- How can governments balance responsibilities between developers, deployers, and users, to promote safe, ethical and beneficial AI?
- To what extent do new technical advancements, such as generative AI, challenge the development of current governance approaches?
- Can tools such as regulatory sandboxes help these governance approaches remain nimble and agile in the face of rapid technological advancements?

Main takeaways:

- Artificial intelligence has to be regulated fairly and properly; but it isn't very easy, and it takes time because many actors need to bring together to discuss it.

- Countries are working to consolidate technological sovereignty, but governments must also be aware that technology is a new factor for inequalities. The digital divide might be broadening.

- It is said that shared values are needed; however, there is a lack of definition of what does it mean by those values. Going further than the basic principles established in the Universal Declaration of Human Rights is crucial. The world still needs to build a shared understanding and go into much more detail in this discussion.

- On the institutional level, it is vital to discuss which international institutions can help. Crucial actors should encourage further institutional work for better governance and the operationalization of AI policies.

- An important proposal for that end is one made by the High-Level Advisory Board on Effective Multilateralism (HLAB): the creation of a Global Commission on Just and Sustainable Digitalization, which would work similarly as the intergovernmental panel on climate change has worked (meaning not only reuniting the government but also the technological world, business world, etc.).