EUROCHAMBRES

BUSINESS AND ARTIFICIAL INTELLIGENCE: STRATEGIES FOR SUCCESS

Business and Artificial Intelligence: Strategies for Success

Accelerating the adoption of Artificial Intelligence (AI) across European businesses is not merely an option, it is a necessity for Europe to become globally competitive. To achieve this, Europe must foster a business environment and regulatory framework that actively enables, rather than hinders, the growth and advancement of European AI technologies. Eurochambres believes that the forthcoming AI Continent Action Plan and the Apply AI Strategy, combined with the harmonised and effective implementation of the EU AI Act, will be instrumental in supporting and empowering businesses to develop innovative AI technologies and applications.

1. Executive summary

❖ European businesses face challenges related to a lack of AI talent, infrastructure, and data, hindering their AI readiness and uptake.

❖ Europe is experiencing a funding gap in AI investments, necessitating improved access to funding, improved venture capital support, and increased public-private collaborations.

❖ Expanding access for businesses to advanced computing infrastructure, such as exascale supercomputers, is crucial for AI development.

❖ Increasing the budget for European Digital Innovation Hubs (EDIHs) and expanding the "Test Before Invest" program would provide businesses, particularly SMEs, with greater access to AI testing environments, expertise, and support.

❖ Investing in AI education and training programmes is pivotal to cultivating a skilled workforce that can propel AI adoption.

❖ The EU needs to create the right conditions for the development of AI, including improving data sharing, promoting open source AI, and supporting applications that are tailored to specific industries and use cases.

❖ Clear definitions and examples of AI risk classifications are essential for businesses to comply with the EU AI Act.

❖ The success of implementing the AI Act in a harmonised manner will depend on the effective oversight by an AI Office with sufficient staff and expertise.

❖ The EU AI Act must clarify what constitutes modification and fine-tuning of AI models and the legal implications for businesses.

❖ Multi-jurisdictional regulatory sandboxes focusing on vertical AI applications will help foster innovation across industries.

❖ Eliminating conflicts and overlaps between the AI Act and other EU regulations will reduce uncertainty and compliance burdens for businesses.

2. Why the chamber network considers this topic relevant

While the potential for AI to increase the productivity and competitiveness of European businesses is substantial, the readiness of companies to implement AI technology and uptake remains low. The share of European businesses that have incorporated artificial intelligence into their value chains currently stands at 13% in 2024, an increase from 8% in

2023[1]. This is a very low percentage, given that the European Digital Decade's target is for 75% of businesses in the European Union to have adopted cloud, AI or big data by 2030[2].

According to CISCO's AI Readiness Index, only 13% of companies globally feel prepared for the coming advances in AI, and only 7% in Europe[3]. CISCO's report also found that a mere 19% of European companies have a comprehensive AI strategy, 10% possess the requisite talent, 8% have the necessary infrastructure, and a mere 7% have the required data to implement AI technologies. European Chambers of Commerce and Industry recognise that the future competitiveness of European businesses will depend, among other things, on how quickly the level of AI readiness can be increased. The potential of AI to enhance productivity, assist businesses in achieving a competitive advantage, reduce production costs, automate tasks, facilitate data-driven decision-making and improve customer experiences is a key factor in this regard. A study by the World Economic Forum shows that AI disproportionately augmented work activity, rather than automated it in 2024[4].

During its previous mandate, the European Commission appropriately focused on regulating the risks associated with AI usage. However, the EU should now adopt a more forward-looking approach, emphasising the opportunities AI can create. By inspiring, supporting, and guiding businesses through the adoption of AI, the focus can shift from predominantly managing risks and offering subsidies to fostering a framework that's conducive for innovation, competitiveness, and growth.

Businesses are at the forefront of AI development worldwide, driving innovation and technological progress. The private sector has emerged as the primary force behind major AI breakthroughs, particularly in the development of foundation models. In 2023, 72.5% of foundation models originated from private-sector research and innovation, compared to just 18.8% from academic institutions[5]. While academic research remains vital, the vast resources required for cutting-edge AI, such as large datasets, computing power, and significant financial investment, often make it challenging for academia alone to lead advancements in state-of-the-art models. To strengthen Europe's position in AI, the European Union must prioritise support for businesses engaged in research and innovation (R&I), equipping them to scale new technologies and transform breakthroughs into global leadership. Simultaneously, fostering strong collaboration between businesses and academia is essential to bridging the gap between research and commercial applications.

3. Recommendations for the upcoming AI Continent Action Plan and Apply AI Strategy

The primary barriers to AI adoption among businesses are diverse and multifaceted. According to a study by the European Union's Publication Office[6], 57% of enterprises

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[1] *8% of EU enterprises used AI technologies in 2023.* (2024, May 29). https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20240529-2

[2] *Europe's digital decade: 2030 targets. European Commission.* (2021). Retrieved January 13, 2025, from https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030_en

[3] Cisco AI Readiness Index (2024). Cisco. Retrieved January 22, 2025, from https://www.cisco.com/c/m/en_us/solutions/ai/readiness-index.html

[4] The Future of Jobs Report 2025. (2025). World Economic Forum. Retrieved February 7, 2025, from https://www.weforum.org/publications/the-future-of-jobs-report-2025/

[5] AI Index Report 2024 – Artificial Intelligence Index. (2024). Retrieved January 23, 2025, from https://aiindex.stanford.edu/report/

[6] *Artificial Intelligence: First quantitative study of its kind finds uptake by businesses across Europe is on the rise.* Shaping

reported difficulties in hiring staff with the requisite AI skills, while 52% cited the high costs associated with adopting AI technologies as the primary barrier to AI adoption. Additionally, 49% highlighted the expense of adapting operational processes as a significant obstacle. Other notable impediments include concerns about liability for potential damages (33%), lack of data standardisation (33%), and regulatory constraints (29%). Beyond these quantifiable barriers, less tangible factors such as scepticism about the potential of AI, fear of risk and resistance to organisational change present additional challenges. Research involving 1,000 European desk workers revealed that only 7% fully trust AI[7].

The upcoming AI Continent Action Plan must therefore focus on fostering innovation by improving framework conditions for businesses, deepening the European digital single market and enhancing Europe's appeal as a hub for AI talent and investment.

Establish a European Savings and Investment Union and improve public-private partnerships

A key pillar in creating a favourable environment is to address the critical issue of investment. Europe is facing a growing funding gap compared to the United States and China. In 2023, European venture capital investment in AI amounted to just $8 billion, far below the $68 billion invested in the US and $15 billion in China. Moreover, private AI investments in Europe declined by 14.1% since 2022, while the US saw a significant increase of 22.1% in the same period. As a result, only 3% of the world's AI unicorns are based in the EU, making it harder for European AI companies to compete at the same level of development as their American counterparts. We therefore welcome the announced InvestAI initiative to mobilise €200 billion for investment in AI. Nevertheless, the European Union must urgently work towards establishing a European Savings and Investment Union and improving public-private partnerships to better facilitate venture capital inflows for AI-focused companies and streamline funding access for startups and scale-ups. EU funding programs specifically dedicated to AI research, development, and deployment, particularly for startups and SMEs should be set up that allow tax breaks or credits, in the form of grants or low-interest loans, for companies investing in AI R&D or adopting AI driven solutions.

Prioritise strategic sectors through vertical AI applications

In parallel, it is essential to prioritise funding for research and innovation in strategic vertical application sectors, as Mario Draghi suggested, such as manufacturing, pharmaceuticals, automotive industry or robotics[8], and to greatly involve key industrial sectors in this process. Support for the vertical application of AI needs to be comprehensive across various dimensions, including financial support, the provision of guidelines, best practices, advice on compliance, and AI skills training for employees. Furthermore, showcasing successful AI implementations and launching pilot projects across sectors, including the public sector, can build confidence and highlight the tangible value of AI.

Europe's digital future. (2020, July 28). https://digital-strategy.ec.europa.eu/en/news/artificial-intelligence-first-quantitative-study-its-kind-finds-uptake-businesses-across-europe

[7] FT Working. (2024). *AI is transforming the world of work, are we ready for it?* Retrieved January 23, 2025, from https://www.ft.com/video/fe19e874-e428-42ca-bcef-4933e59fda09

[8] *EU competitiveness: Looking ahead - European Commission.* (2024). Retrieved January 13, 2025, from https://commission.europa.eu/topics/strengthening-european-competitiveness/eu-competitiveness-looking-ahead_en

Invest in advanced supercomputing infrastructure

Furthermore, Eurochambres emphasises the need to improve SME access to advanced supercomputing infrastructure, including exascale supercomputers. In this regard, we welcome the European Commission's AI Factories initiative. Funding for this initiative has been provided through the existing Digital Europe and Horizon Europe budgets, and we call for these to be increased. Supercomputers are incredibly expensive, not only do they need to be upgraded to handle AI workloads, but additional investment in inference accelerator chips, such as NVIDIA's Jetson processors, is essential to improve the efficiency of running AI models[9]. Currently, the €7 billion EuroHPC budget (2021–2027) is insufficient to support the rapid technological developments required in AI. We suggest that in the next Multiannual Financial Framework the contribution from the EU long-term budget should double, i.e., increase from €3 billion to €6 billion. AI hardware, particularly AI chips, is evolving so quickly that new generations become obsolete within a year. Therefore, maintaining the capability to support state-of-the-art AI models requires substantial ongoing investments.

Increase budget for European Digital Innovation Hubs (EDIHs) and expand "Test before Invest" program

The European Digital Innovation Hubs (EDIHs), which are part of the Digital Europe funding program, are a good initiative to support SMEs (including start-ups and scale-ups) and mid-caps in their digitalisation journey. It is also a good tool to address the fragmentation and lack of transparency across European member states. The hubs provide a wide range of support, from testing infrastructure to training, networking and access to funding. Unfortunately, the budget for the new call, which is expected to take place this spring, has now been reduced. It is therefore strongly recommended that the budget for this call is increased so that all member states can focus sufficiently on AI and related digital technologies and support local SMEs.

In addition, expanding EDIH's "Test before Invest" program is vital. This program allows innovators to develop new products and services in a controlled scenario, prior to further rounds of investments. Applicants should be required to demonstrate the scalability of their projects at the time of application, ensuring that resources are allocated to initiatives with clear potential for growth and impact in the market.

Simplify and standardise cross-border data-sharing practices within a European sovereign data management framework

Moreover, we call for the establishment of a unified and enhanced framework for cross-border data sharing among European companies. Simplifying and standardising data-sharing practices will enable businesses to collaborate more effectively and unlock the full potential of AI applications across industries. High-quality data is the foundation of better AI, which in turn generates even better data. Data sharing with other continents is equally essential to foster innovation, but protecting intellectual property rights and trade secrets is particularly critical in this context. Technologies such as federated learning, which enables machine learning using decentralised data, and differential privacy should be utilised more to address these concerns. Ensuring cloud sovereignty is key here and enhances trust. Several EU member states have developed or are in the process of developing their own national sovereign cloud infrastructure. We strongly support ongoing efforts, particularly the

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[9]Bruegel. (2024, October 9). *Catch-up with the US or prosper below the tech frontier? An EU artificial intelligence strategy*. https://www.bruegel.org/policy-brief/catch-us-or-prosper-below-tech-frontier-eu-artificial-intelligence-strategy

initiative of creating a European sovereign cloud framework under GAIA-X.

Promote open-source AI technologies

Additionally, promoting open-source AI technologies can mitigate "winner-takes-all" dynamics, where a few firms dominate the market. Open-source approaches promote transparency, allowing businesses to trust the technologies they use and ensuring that the benefits of AI are distributed more equitably across the European economy.

Invest in Europe's energy infrastructure

To support this increased demand and usage of AI, increased investments in Europe's energy infrastructure are greatly needed. Electricity usage for AI could double by 2026[10], and data centres supporting AI are expected to account for over 3% of total power demand in the EU by 2030[11]. This sharp increase in energy consumption highlights the need for substantial investments in grid capacity and the scaling of renewable energy resources to ensure that AI growth does not strain existing infrastructure. Additionally, energy-efficient AI practices must be incentivised and green AI initiatives promoted in alignment with the EU's sustainability targets.

Enhance AI Skills

A study conducted by Deloitte shows that fewer than half of employees using generative AI have received adequate training in these areas (44%) highlighting the need for further investment in training and development[12] for employees. Businesses need to be supported in covering the costs for such training.

Compared to other employment skills, digital skills are often acquired informally or through self-directed learning, which can leave individuals without a reliable means to validate their expertise. To address this challenge, it is crucial to simplify and reduce the cost of obtaining micro-credentials linked to AI skills that recognize and certify digital competencies for employees and job seekers.

We also urge the implementation and promotion of comprehensive AI education and training programs to cultivate a skilled, European-based workforce capable of effectively using, designing and deploying advanced AI technologies. These programs should focus on specific roles expected to be in high demand in the future, such as machine learning specialists, data analysts, and green energy engineers, and should be informed by regularly updated data on skills gaps and market demands.

Furthermore, the European Commission should develop a robust AI reskilling strategy to ensure the workforce remains adaptable to evolving technological demands. Partnering with educational institutions will be essential to expanding and scaling these reskilling efforts effectively. Simultaneously, continuous efforts should be made to attract and retain global AI talent.

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[10]The very real constraints on artificial intelligence in 2025. (2024). The Economist. Retrieved January 24, 2025, from https://www.economist.com/the-world-ahead/2024/11/20/the-very-real-constraints-on-artificial-intelligence-in-2025
[11] EU competitiveness: Looking ahead - European Commission. (2024). Retrieved January 13, 2025, from https://commission.europa.eu/topics/strengthening-european-competitiveness/eu-competitiveness-looking-ahead_en
[12] Deloitte Insights. (2024). European trust in gen AI. Retrieved January 23, 2025, from https://www2.deloitte.com/us/en/insights/topics/digital-transformation/trust-in-generative-ai-in-europe.html

Finally, AI education should be more effectively integrated into school curricula, offered through specialized courses in higher education, and accompanied by continuous training opportunities through public and private sector collaborations.

4. Recommendations for an Effective Implementation of the EU AI Act

The EU AI Act represents an important step in addressing the potential risks associated with the use of AI. As the first comprehensive legal framework of its kind, it introduces a risk-based approach that tailors the type and content of rules to the intensity and scope of the risks that AI systems might generate. Moreover, some of its provisions are intended to be "future proof" since they can be amended by delegated and implementing acts, for example, the list of high-risk use cases in Annex III. It is positive, that the EU AI Act's risk-based approach seems to be already influencing global regulatory frameworks, with jurisdictions such as Canada and Brazil adopting similar principles, underscoring the potential for a "Brussels Effect" in shaping AI governance worldwide[13].

Risk classifications need comprehensive definitions and examples

The rules for high-risk AI systems outlined in Annex III are set to take effect on August 2, 2026, while those pertaining to high-risk AI systems under Annex I and large-scale IT systems under Annex X will be implemented starting on August 2, 2027. We urge for enough time given to the development and stakeholder engagement of the guidelines on the definitions of different risk classifications. As the AI Act already partially defines that the guidelines must be published "no later than 2 February 2026", we urge that the European Commission begins its consultation process well in advance. It is very important that the risk classifications are comprehensively defined, supported by detailed sector specific examples that consider the unique risk profiles of specific sectors to facilitate a harmonized interpretation (i.e., healthcare, gaming, finance etc.).

Developing these specific use cases should be done through a centralised effort with close involvement of the equivalent national authorities and with the involvement of stakeholders in iterative consultations. Currently, the classifications under Annex III are far too broad. Businesses should receive comprehensive support, for example through a dedicated AI support unit within national authorities, which can be easily contacted in case of uncertainty or when guidance is needed.

As risk classifications for different applications may evolve over time, companies need to have a clear understanding of these changes. The European Commission should be transparent about the criteria it uses to determine whether new areas are added to the high-risk classification. To ensure this, it is recommended that the Commission communicates any potential changes it is considering before finalising any decisions.

Additionally, SMEs should receive tailored support, depending on the risk classification of their AI applications, in the form of simplified compliance pathways. Additionally, businesses striving to comply with the EU AI Act could benefit from a detailed, phased roadmap customised to their risk level, sector, and application type.

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[13] Digital Economy Outlook 2024. (2024, May 14). OECD. https://www.oecd.org/en/publications/oecd-digital-economy-outlook-2024-volume-1_a1689dc5-en.html

Since 2 February 2025, providers and deployers of AI systems need to take steps to ensure that their employees have a sufficient level of AI literacy. This deadline was set very early, especially considering that some companies are unaware of whether they are classified as a provider or not. Although there are no direct fines for non-compliance with this provision, the level of AI literacy may influence the severity of penalties for other breaches.

Ensure effective oversight via the AI Office will be key to success

The success of the EU AI Act will largely depend on its effective and harmonised implementation across all member states. The AI Office, which is charged with ensuring the uniform application of the AI Act, must make full use of its mandate to achieve this goal. It should conduct regular reviews, every two to three years, closely monitoring the work of national implementing authorities. It is also essential that enforcement measures are applied consistently to European and foreign companies operating in the European market.

A high level of transparency in relation to algorithmic design, data used, business models and operational mechanisms, coupled with the assurance of oversight by a competent institution, is critical for businesses to trust and confidently adopt AI technologies. The AI Office, tasked with overseeing the use and deployment of large-scale language models, has a crucial role to play in ensuring such transparency and accountability. This is particularly important in order to safeguard European businesses that operate as downstream providers, i.e., who adjust foundation models for specific industry use.

Furthermore, the success of the AI Office in ensuring effective oversight hinges on its ability to attract top-tier talent with deep expertise and experience. This is particularly challenging given the global shortage of AI specialists and equally high demand for specialists within the private sector. To recruit such talent, the AI Office must offer competitive working conditions that reflect the high demand for these skills. A well-resourced and adequately staffed AI Office is equally essential. Although the number of staff alone does not guarantee high-quality work, it remains a critical factor in building sufficient capacity for oversight and enforce compliance across member states. The planned staffing of 140 personnel, with only 30 overseeing the Act's implementation as of December 2024, seems insufficient[14]. We support MEP Axel Voss's proposal to increase staffing to 200 by 2025, especially for AI Office Units A2 and A3. For context, the UK AI Safety Institute employs 150 specialists focused on AI safety alone, underscoring the need for the EU to enhance its oversight and ensure consistent implementation across member states. Additional human resources would increase capacity and uniformity in implementation and enforcement, but this requires political will and consensus, as further budgetary resources will be required.

Greater clarity needed on what constitutes "substantial modification" and fine-tuning of LLM models

Foundation models represent a rapidly evolving and popular category of AI models. Trained on vast datasets, they are versatile and suitable for numerous downstream applications. Foundation models such as GPT-4, Claude 3, and Llama 2 showcase remarkable abilities and are increasingly being deployed in real-world scenarios[15]. However, downstream providers need to be assured that foundation model developers will not misuse their market

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[14] Euractiv. (2024, December 18). Getting serious about AI rules: Lack of enforcement capacity puts EU at risk. https://www.euractiv.com/section/tech/opinion/getting-serious-about-ai-rules-lack-of-enforcement-capacity-puts-eu-at-risk/

[15] AI Index Report 2024 – Artificial Intelligence Index. (2024). Retrieved January 23, 2025, from https://aiindex.stanford.edu/report/

power. Without appropriate safeguards, these could impose unfair terms, restrict access, or limit competition, undermining the potential of downstream providers.

Furthermore, greater clarity is needed to what extent companies that engage in modifying or fine-tuning of AI models qualify to have "substantially modified" the system and are therefore classified as a "provider" under the EU AI Act[16]. The definition of AI providers must be very precise, with a specific, yet not too low, threshold that distinguishes deployers from providers to provide legal certainty to businesses developing their own models. These thresholds need to be quantifiable, such as the percentage of model alteration, and be validated through pilots or testing in regulatory sandboxes. Clear differentiation is particularly important for sectors such as fintech, where AI models are often adapted from existing foundation models. Any misclassification could greatly discourage innovation.

Multi-jurisdictional regulatory sandboxes focusing on vertical AI applications must be supported

Alongside existing national regulatory sandboxes, we advocate for the creation of additional European and multi-jurisdictional regulatory sandboxes and more targeted European testing and experimentation facilities (TEFs) with a specific focus on vertical AI applications in key industries, such as the automotive, advanced manufacturing, energy, telecommunications networks, agriculture, aerospace and defence sector etc. These regulatory sandboxes should establish clearly defined success metrics, such as the percentage of firms successfully transitioning from the sandbox to full market deployment, the amount of cross-border collaborations, or the number of new AI applications and patents developed within the sandbox.

To further foster cross-border collaboration, we call for the publication of a comprehensive overview of all national sandboxes, including their specific areas of focus. This transparency would enable businesses to better identify and leverage available opportunities. Moreover, it is important to actively facilitate and support regulatory learning for authorities and undertakings, including with a view to future adaptions of the legal framework, to support cooperation and the sharing of best practices with the authorities involved in AI regulatory sandboxes. This is key to ensuring a business-friendly regulatory framework in the years to come. Additionally, safeguards must be implemented to ensure that participation in regulatory sandboxes does not deter innovative companies due to concerns over the potential disclosure of trade secrets or proprietary algorithmic designs.

Overlapping legislation must be avoided

Unclear or overlapping regulations lead to uncertainty and unnecessary additional expenses. Therefore, specific overlaps and conflicts of the AI Act with existing legislation (e.g., DSA, DMA, GDPR, NIS2, MDR etc.) must be removed. We call for a comprehensive overview in the form of a detailed study and impact assessment of where certain reporting requirements are already covered by other legal acts or supplementary requirements. Based on the findings, we recommend developing regulatory guidance to address any inconsistencies until a full legislative solution is implemented.

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[16] Regulation (EU) 2024/1689 laying down harmonised rules on artificial intelligence. (2024). Art. 25(1)

<u>The implementation of the EU AI Act should be accompanied by a revision of GDPR</u>

In light of the scale and complexity of AI-driven data processing, we call for a revision of Art. 22 of the Regulation (EU) 2016/679, i.e., GDPR. Article 22 grants individuals the right not to be subject to decisions based solely on automated processing, including profiling, if such decisions produce legal effects or significantly impact them. It also mandates the right to obtain human intervention, a requirement that is challenging in practice due to the scale and complexity of AI-driven data processing. This provision was adopted several years before the EU AI Act and needs to be effectively rethought, in light of the provisions of the latest regulation. Without revising GDPR, progress toward harmonized AI governance within the EU will remain stalled.

Finally, the EU faces significant challenges in balancing higher AI performance with regulatory compliance, as it relies heavily on AI developers promises of anonymisation and pseudonymisation (masking data to reduce identifiability). This approach leaves European data vulnerable to misuse, as data security can only be guaranteed up to a certain point.

Eurochambres – the association of European chambers of commerce and industry – represents more than 20 million businesses through its members and a network of 1700 regional and local chambers across Europe. Eurochambres is the leading voice for the broad business community at EU level, building on chambers' strong connections with the grass roots economy and their hands-on support to entrepreneurs. Chambers' member businesses – over 93% of which are SMEs – employ over 120 million people.

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