



## CHELGATE INTRODUCTORY GUIDE

### UK GOVERNMENT SECTOR DEAL AND THE EU COMMISSION APPROACH ON ARTIFICIAL INTELLIGENCE

Recently, the UK Government and EU Commission have announced bold aspirations for the Artificial Intelligence sector. Both announcements could have potentially wide-ranging ramifications for the growth of individual sectors – health, finance, transport - as well as the artificial intelligence sector taken as a whole. Both approaches will set the course for the artificial intelligence industry in the UK and EU for the next ten years. If the decision makers get it right, the benefits from the growth in artificial intelligence will be a revolution for the domestic and international economies. Get it wrong and the sector will be restricted, or worse, disabled at its very outset. The initiatives being proposed by both the British Government and EU Commission seek to, among other things:

- The installation of critical digital and data infrastructure;
- Make changes to the regulation of the sector by creating new sector-based institutions which will oversee the industry;
- Address how to promote Artificial Intelligence businesses globally;
- Address legal and ethical questions by introducing new frameworks;
- Expand the Artificial Intelligence sector regionally and compel other businesses to utilise Artificial Intelligence; and,
- Devise new recruitment pathways into the sector to maintain access to the world's best talent.

#### WHAT IS THE UK AND EU APPROACH?

The UK Government has developed its initial approach on six key areas taken from the Industrial Strategy paper. These are: Ideas, Skills, People, Infrastructure, the Business Environment and Places. The EU strategy has three distinct strands: The EU will facilitate access to data for companies, boost development and set up centres to improve the communication between researchers and entrepreneurs. It aims to ensure that advances in automation will not leave parts of its population without jobs, for example by implementing advanced training measures. And core to this, it wants to set ethical standards that could one day also serve as a blueprint for other regions of the world.

But the UK is not alone. Several other member states have also stepped-up to take the initiative each setting up task forces to work on individual strategies. A key area of focus for the EU is to initiate a legal framework across the member states, particularly governing rules around issues such as liability. Both the EU and UK have set aside a huge sum in funding to support artificial intelligence businesses overcome challenges they face and integrate with the wider economy. The UK in particular sees artificial intelligence and new technologies as part of a wider solution for record poor productivity levels setting aside £1 billion, with £300 million coming from the private sector, for investment.

#### WHY ARE THE UK GOVERNMENT AND EU COMMISSION TAKING ACTION?

Developing the artificial intelligence sector is a global race. The EU is locked in a race with the USA and China. Experts often comment how it lags far behind in building a state-of-the-art artificial intelligence industry. But now the EU and member states recognise how both updating the current ecosystem infrastructure and developing its environment will undoubtedly have significant social and economic benefits.

However, artificial intelligence technology poses many moral, ethical and infrastructure challenges which legislators will consider when making decisions. The secret weapon the EU has unveiled at the core of their strategy is to ensure artificial intelligence is ethical. What with Brexit on the horizon, the UK is keen to be the world leader in artificial intelligence, not least because of the significant contribution its Universities already



provide, but because the Government does not want to see a loss in the massive investment in this burgeoning sector - more than Germany, France and Sweden combined.

### **WILL THE PROPOSALS GO BEYOND THE ARTIFICIAL INTELLIGENCE SECTOR?**

Yes, however, this will be sector dependent. For example, artificial intelligence marketing companies will be faced with different regulations to that of business working in the transport sector, or cyber security sector.

Furthermore, these proposals will lay the foundations for the artificial intelligence industry for the next ten years or more. In the UK, proposals seek to integrate the sector with the wider economy. To achieve this, the Government will need to look at the critical physical infrastructure which will underpin and enable their ambition, as well as issues around the governance of data.

### **WILL THESE PROPOSALS RESULT IN LEGISLATIVE CHANGES?**

Certainly yes. From the debate amongst politicians and across society, one can see that artificial intelligence raises many moral and ethical questions. The use of advancing technology means many systems will outpace legislation. This is forcing politicians, and other interested parties, to seek to define legal frameworks and regulatory structures. In the UK, the proposed initiatives, including the Artificial Intelligence Council and Centre for Data Ethics and Innovation, will work to make recommendations to Government on exactly these points. The Government will in turn will make recommendations to Parliament in the form of primary and secondary legislation.

However, throughout this process are key areas where the sector can be involved to productively influence and shape the outcome, and thus the relationship between Government and this sector for the next ten years or more. One such opportunity is the Consultation on the Centre for Data Ethics and Innovation which closes on the 5 September 2018.

### **HOW WILL THE PROPOSALS AFFECT MY BUSINESS?**

One of the central goals in the EU strategy is to provide customers with insight into the systems. Regulatory experts say that to achieve such transparency, companies will have to disclose details such as which data was used to train their algorithms; which data is used to make decisions; how this data was collected; or, at which point in the process humans were involved in the decision-making process. The UK may adopt a similar approach with the establishment for the Centre for Data Ethics and Innovation. Otherwise, post-Brexit, UK companies seeking to trade with the EU may encounter harsh barriers to continuing access to established, or new, markets.

### **CHELGATE ANALYSIS**

Westminster and Brussels have been active in their discussion about artificial intelligence for some time. Both have reflected on either side of the divide about the numerous benefits for society that artificial intelligence can bring, and the strategies laid out are the culmination of this work. Whilst it is no doubt that announcements in funding are welcomed, there are many other areas which will cause the sector great concern. The use of artificial Intelligence, the development of infrastructure and the ethical and moral questions about data are far reaching and those in power do not have informed answers. Decision makers across Europe should not think that by tightening the screws on data policy and artificial intelligence that investment, innovation and opportunity will continue.