



# Ensuring Europe's Competitiveness

## Key Principles and Actions for the GPAI Code of Practice

The European Union (EU) has a unique opportunity to set a global standard for artificial intelligence (AI) governance through the AI Act and its General Purpose AI (GPAI) Code of Practice. However, if not carefully designed, the Code could introduce unnecessary burdens, stifle innovation, and harm European competitiveness.

Policymakers must ensure that the Code remains clear, proportionate, and aligned with the AI Act to foster a thriving AI ecosystem in Europe. Below are five essential principles and four concrete actions to achieve this balance.

### FIVE KEY PRINCIPLES

## 1. Avoid barriers to entry

Europe must remove barriers to AI innovation and growth:

- Ensure AI compliance requirements and costs do not lead to disincentivising innovation in AI. Benefits must outweigh compliance costs.
- Avoid unnecessary operational burdens on companies, such as excessive internal controls and record-keeping at every step of AI model use, as they impose disproportionate administrative burdens.

Europe should ensure that all actors in the AI value chain - providers, downstream providers, and deployers - can operate effectively within the market. This means creating a regulatory environment that supports innovation and competition at every stage of AI development and deployment.

## 2. Make AI use practical

To fully harness AI's potential, companies need a clear and consistent regulatory framework that eliminates ambiguity and ensures smooth operations across the EU.

- Provide clear, harmonised interpretations of AI Act definitions to prevent divergent national approaches across the EU.
- Establish a single point of contact per company for AI governance, with mutual recognition across the Single Market.
- Avoid regulatory overlap and conflicts by aligning the AI Act with existing and upcoming EU frameworks.

### 3. Keep fair competition as a compass

A level playing field is crucial for Europe's AI ecosystem. The AI Act must ensure fair competition, prevent regulatory fragmentation and foster an environment where all actors compete on equal terms.

- Harmonise AI Act enforcement across the EU to prevent regulatory fragmentation that could distort competition within the Single Market.
- Ensure all AI providers, deployers, and service providers operating in Europe, including non-European actors, comply with EU rules.
- Foster fair competition by supporting new General purpose AI models, including open-source alternatives, against global incumbents.
- Allow European developers to train their models under predictable and consistent rules. Make sure GDPR enforcement does not hamper data training and does not fragment the Single Market. Data access is a key pre-condition for European developers to develop relevant models and compete with global providers.

### 4. Make AI rules work for all businesses

Businesses need a supportive environment to adapt to new regulations without unnecessary burdens. Practical measures will help companies of all sizes comply with the AI Act.

- Enable small and medium-sized actors to contribute to AI Act implementation tools.
- Allow sufficient time between the publication of the code of practices and its enforcement, including by delaying deadlines or creating grace periods if necessary.
- Provide publicly accessible resources, such as training materials, toolkits, hotlines, and additional support mechanisms that ensure legal certainty and help companies comply with the AI Act

### 5. Support the twin - green and digital - transition

Unnecessary operational burdens on companies must be avoided as this leads could increase computing power which can have an important carbon and energy footprint:

- Be mindful of energy consumption. Europe must embrace both the digital and green transitions. Legislative requirements, such as data retention obligations demanding storage capacity, must be proportionate to avoid unnecessary energy use. We need meaningful requirements that balance necessity with cost.



## 1. Focus scope on providers of GPAI

The term “deployment” appears 63 times in the second draft of the Code, creating ambiguity regarding the obligations of deployers. However, the AI Act clearly states that the Code applies to providers of General Purpose AI (GPAI) models. The Code should:

- Retain explicit references to providers of GPAI models and providers of systemic-risk GPAI models.
- Reduce unnecessary mentions of “deployment” to avoid misinterpretation.

## 2. Ensure downstream providers receive appropriate documentation

Many European companies will be downstream providers or deployers of major GPAI models that are developed outside of the EU. Without proper documentation shared by model providers, their ability to adopt AI will be severely hindered. The Code should:

- Strengthen Commitment 1 by requiring GPAI model providers to share sufficient technical and non-technical documentation in good faith.

## 3. No mandatory participation in standards-setting

The Code should clarify that non-participation in standard-setting organisations does not equate with non-compliance with the Code. The Code should:

- Explicitly state in Measure 2.7 that companies are not obligated to participate in standard-setting if they lack the resources or if another actor in the AI value chain is already doing so.

## 4. Ad-hoc external assessments of GPAI models when necessary

External assessments can be costly, resource-intensive, and may simply not be appropriate in some cases. The AI Act wisely specifies that such assessments should be conducted “as appropriate”. The Code should:

- Align Measures 16.1 and 16.2 with Recital 114 of the AI Act, ensuring external assessments are required only “as appropriate”.



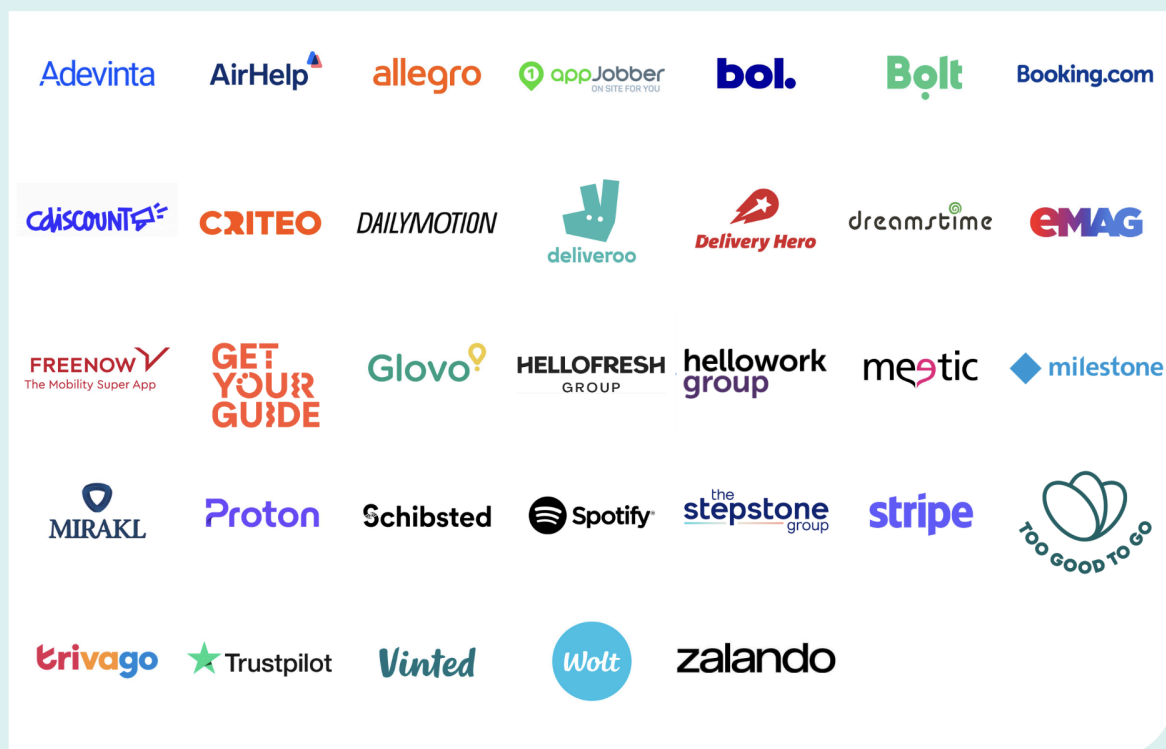
# About the European Tech Alliance

EUTA represents leading European tech companies that provide innovative products and services to more than 1 billion users<sup>1</sup>. Our 33 EUTA member companies from 16 European countries are popular and have earned the trust of consumers. As companies born and bred in Europe, for whom the EU is a crucial market, we have a deep commitment to European citizens and values.

With the right conditions, our companies can strengthen Europe's resilience and technological autonomy, protect and empower users online, and promote Europe's values of transparency, rule of law and innovation to the rest of the world.

The EUTA calls for boosting Europe's tech competitiveness by having an ambitious EU tech strategy to overcome growth obstacles, making a political commitment to clear, targeted and risk-based rules, and enforcing rules consistently to match the globalised market we are in.

## Our members



<sup>1</sup> It reflects users, consumers and business customers from EUTA member companies, per year. It includes overlaps but illustrates the reach and impact of our services.

