The future of AI in Europe

This policy recommendations document incorporates the perspectives and policy proposals developed by the students who participated in the *"Fundamentals of AI"* course hosted from the 12th to the 14th of May 2025 by the AI Granada Resarch and Innovation Foundation as part of the Metaversing project ERASMUS-YOUTH-2025-CSC-OG-SGA-101227904.

Background and Context

The AI Foundation Granada hosted an in-person course, *"Fundamentals of AI"* from the 12th to the 14th of May 2025 as part of the Metaversing project (ERASMUS-YOUTH-2025-CSC-OG-SGA-101227904). The course brought together young people from all across Europe to learn about the rapidly evolving world of Artificial Intelligence.

Over the course of three days participants were able to engage with leading experts in the field of AI, gaining insights on topics like machine learning, data science, cloud computing, and generative AI through interactive training lessons.

As part of the activity, participants insights on the challenges, opportunities, and policy recommendations in the current European AI ecosystem were collected. This document synthesises their opinions as they address pressing concerns about sovereignty, competitiveness, ethical safeguards, and inclusivity.

Policy Context

   The EU AI Act is the European Union's comprehensive legal framework for governing artificial intelligence. It outlines a four-tier risk-based categorisation system that determines the requirements of compliance for AI systems based on their potential impact on safety, fundamental rights, and democratic values, categorised into unacceptable, high, limited, and minimal categories.

   Forbidden system categories under unacceptable risk include public space biometric identification, emotion detection in the workplace or schools, and predictive policing. High-risk AI systems, such as applications in healthcare, education, employment, and law enforcement, must adhere to rigorous demands of conformity assessment, handling of risks, data governance, transparency, and human intervention. Restricted system categories like chatbots and generative AI tools must be made transparent, whereas minimal-risk applications are left unregulated but can adopt voluntary standards.

   This regulation aims to guarantee the security, transparency, non-discriminatory nature, and traceability of all AI developed or utilised within the EU. To facilitate implementation and innovation, the European Commission launched the AI Innovation Package in January 2024. It involves creating the EU AI Office within the Commission, which will make sure the rules are followed and work with General Purpose AI (GPAI) and foundation models, while also giving advice on how to comply.

   At the same time, the GenAI4EU action encourages the integration of cutting-edge AI systems into the 14 industrial ecosystems of the EU, linking innovation with European values and market needs. The Union is also deploying regulatory sandboxes and investment incentives for startups and SMEs as additional support tools.

   The EU AI Act complements the previous digital regulations, GDPR, the Digital Services Act, and the Cyber Resilience Act, positioning the EU as a global leader in rights-based AI regulation.

Key issues identified

1. Digital Sovereignty Deficit

Europe's over-reliance on non-European AI expertise risks exposing the Union to serious vulnerabilities in its most crucial areas of data governance, industrial competitiveness, and regulatory autonomy.

This overreliance erodes the EU's ability to enforce its data protection rules and jeopardises its industrial base by ceding strategic control over its fundamental digital infrastructure and value chains to third parties.

2. Innovation-stifling Regulation

While well-intentioned, the AI Act risks imposing disproportionate compliance obligations on start-ups and SMEs, entities already constrained by limited resources. Excessively burdensome regulatory frameworks could deter innovation, accelerate the relocation of capital and talent to more permissive jurisdictions, and ultimately weaken Europe's capacity to nurture globally competitive AI enterprises.

3. Weak Enforcement Architecture

Fragmented national regulatory systems undermine the risk-based system of the AI Act, and the absence of political will undermines effective regulation. Without firm, properly resourced supervisory bodies and clear cross-border coordination mechanisms, the day-to-day impact of the Act on market behaviour and rights protection will be limited.

4. Social Risks of AI Deployment

Rapid AI-driven automation, if not properly regulated or managed, has the potential to exacerbate labour market inequality and social exclusion. There is an urgent need for forward-looking policy action, including strategies for adjusting the labour market and specifically targeted social protection policies, to discourage these risks and ensure technological progress does not shatter social cohesion.

5. Insufficient AI Literacy and Inclusivity

Persistent gaps in digital and AI literacy across demographic, socio-economic, and geographic lines risk entrenching structural inequalities in access to technology and its benefits. EU initiatives must prioritise the development of inclusive, accessible AI applications and educational programs that address these disparities to foster widespread, equitable participation in the digital economy.

6. Lack of Transparent Data practices

Current AI models operate using opaque data sourcing and processing mechanisms, limiting user control and influence over deployment of personal data. It is necessary to strictly enforce rules about where data comes from, how users give consent, and how much information is available about how AI makes decisions to rebuild trust and responsibility.

7. Missed Opportunities for International AI Leadership

The EU risks losing its the possibility to have a leadership role in developing global AI norms and standards if it does not accelerate international cooperation. Playing a leading role as an active member of multilateral governance platforms and strategic coalitions is crucial in making sure that European values and regulatory practices guide the world's AI governance structure.

Policy Recommendations

- Foster a Balanced Regulatory-Innovation Ecosystem

  - Establish AI regulatory sandboxes to promote controlled innovation environments.
  - Mandate a formal, periodic review process within the AI Act framework to analyse whether the imposed obligations on AI providers remain proportionate to the risks posed by their systems
  - Provide targeted public and private investment schemes to develop European AI champions.

- **Reinforce Digital Sovereignty and Infrastructure**

    - Invest in European foundational AI models and ethical public data sets
    - Strengthen cross-border EU data governance frameworks.

- **Establish a Stronger, Centralised Enforcement Authority**

    - Operationalise the European AI Authority (EAIA) with clear sactioning powers
    - Create a mandatory EU registry of high-risk AI applications

- **Implement inclusive AI for social good.**

    - Deploy AI assistive tools in education systems for learners with disabilities
    - Require algorithmic transparency and bias auditing in education and employment AI systems
    - Introduce legal safeguards against AI-driven labour displacement

- **Enhance transparency and data rights**
    - Require AI usage notifications, similar to cookie consent, on AI-driven services
    - Mandate disclosure of AI training data sources

- **Build AI Literacy and Ethical Capacity**

    - Integrate AI ethics and literacy in national curricula
    - Establish AI sandboxes in universities creating interdisciplinary innovation labs in order to reduce the knowledge gaps
    - Train public sector professionals on AI governance

- **Assert EU Leadership in Global AI Governance**

    - Lead multilateral al agreements and cross-border regulatory experiments
    - Certify foreign AI systems for EU markets through the EAIA
    - Support inclusive AI entrepreneurship and goernance initiatives globally

Implementation suggestions

- Pilot AI sandboxes and assistive learning AI projects

- Launch AI workforce protection directives within the next AI Act amendment cycle (2027-2028)

- Integrate AI literacy modules into the Digital Education Action Plan 2030

- Operationalise the EAIA

- Begin EU-led multilateral AI ethics dialogue

Conclusion

The opinions of these young Europeans confirm the need for the EU's AI policy to strike a careful balance between protecting fundamental rights and fostering innovation and competition. Overregulation remains a recurring concern, particularly for start-ups and small and medium-sized enterprises, which are vital to Europe's digital transformation. To address these challenges, it is essential to simplify compliance procedures, establish regulatory sandboxes, and provide dedicated support mechanisms for emerging businesses.

At the same time, safeguarding individual rights, defending European democratic values, and ensuring digital sovereignty demand a regulatory framework that is flexible, forward-looking, and effectively enforced. Finally, to maintain Europe's competitiveness, relevance, and influence as a global AI actor, the EU must actively promote international cooperation and responsible, values-based AI governance.

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