

New Report Shows GDPR Limits AI in Europe, Recommends Steps to Make EU More Competitive in Algorithmic Economy

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“The EU wants to lead the world in AI, but in its current form, the GDPR puts Europe at a competitive disadvantage,” said Eline Chivot, the Center’s Senior Policy Analyst. “While EU policymakers should remain committed to the overall goals of improving consumer protection, they should also embrace opportunities to reform the GDPR to make it better suited to the algorithmic economy. Mending, not ending, the GDPR should be on the table if the EU plans to seriously pursue its AI ambitions.”

The report documents how the GDPR puts organizations in the EU at a competitive disadvantage in AI by limiting their collection and use of data, restricting their ability to employ automated decision-making, and increasing their compliance costs and risks.

The report recommends five steps policymakers should take to reform the GDPR for the algorithmic economy: expand authorized uses of AI in the public interest; allow repurposing of data that poses only minimal risk; avoid penalizing automated decision-making; permit basic explanations of automated decisions; and make fines proportional to harm.

“Some EU policymakers are resistant to reforming the GDPR because they consider it an ethical commitment they cannot scale back. But putting practical changes in place is not the same as walking away from their commitment. Moreover, given important applications of AI in fields like health and education, EU policymakers have a moral imperative to clear these regulatory roadblocks,” said Daniel Castro, the Center’s director. “The EU can make reforms to the GDPR that enable greater data sharing and use of AI but do not undercut the protection of human dignity, legitimate interests, and other fundamental rights. Targeted changes to the GDPR will empower the EU to achieve its vision of becoming a leader in the algorithmic economy.”

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