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Industry Coalition Calls for Withdrawal of AI Liability Directive to Avoid Further Legal Uncertainty and Support Europe's Competitiveness

The undersigned industry associations, representing companies of all sizes developing and using Artificial Intelligence (AI) technologies in different sectors, urge EU policymakers to **support the withdrawal of the AI Liability Directive (AILD) proposal**. The AILD would add unnecessary legal complexity and uncertainty to an already intricate and novel legal framework impacting AI in Europe. In addition, its added value is, at best, unclear, given the existing legal frameworks on liability and consumer protection.¹ If passed, the proposal would harm EU competitiveness by increasing the regulatory burden, impacting costs and disincentivizing investments in AI innovation. Withdrawing this proposal would be in line with the EU's regulatory simplification and better regulation agenda, support the development and roll-out of innovative products and services, and contribute to achieving the EU's competitiveness objectives.

The EU has recently adopted the new Product Liability Directive (PLD) with the objective of extending the EU's liability regime for defective products to software and AI. The PLD aims to establish a comprehensive compensation framework for individuals, alleviate the burden of proof on claimants, and broaden the scope of the damages covered. The new PLD entered into force on 8 December 2024, and EU Member States have until 9 December 2026 to transpose it into national law. It should, at minimum, be implemented and tested in practice before considering any changes or additional liability frameworks.

In addition, other existing and new regulatory frameworks apply concurrently to AI, such as the landmark EU AI Act, the General Data Protection Regulation, the Digital Services Act, the Data Act, the

¹ The absence of evidence of a clear legal gap was confirmed by the European Parliamentary Research Services initial appraisal of the AILD's impact assessment (IA). It notes that the IA lacks clarity on the interplay between the AILD and other initiatives such as the PLD.

Cyber Resilience Act, as well as sectoral regulations. These laws are mostly yet to be implemented, and their interactions, overlaps and combined impact are yet to be assessed and understood. In addition, many national horizontal liability frameworks already cover AI, and specifically focus on consumer protection.

Finally, the AILD risks disrupting well-established contractual liability practices that allocate responsibilities along complex supply chains in business-to-business relationships. These practices provide businesses with the flexibility to manage liabilities and negotiate terms tailored to their specific needs, supporting both efficiency and innovation.

The Draghi Report on Competitiveness has made it clear that for Europe to fulfil its ambition on AI, companies need a clear, agile and streamlined legal framework. The European Commission has promised to prioritize this recommendation by focusing on regulatory simplification and by announcing the Competitiveness Compass as its first major initiative. This is all very welcome. The withdrawal of the AILD would reaffirm the EU's commitment to follow through on the Draghi Report's recommendations – and help shape a clearer legal framework for AI, truly conducive to innovation and competitiveness.

The signatories:

AFNUM

AmChamEU - American Chamber of Commerce to the European Union

APPLiA

Business Software Alliance

Computer & Communications Industry Association (CCIA Europe)

DOT Europe

EFPIA, European Federation of Pharmaceutical Industries and Associations

ITI, Information Technology Industry Council

MedTech Europe

Orgalim - Europe's Technology Industries

SPCR, Confederation of Industry of the Czech Republic

ZPP – Union of Entrepreneurs and Employers