

Europe Is at Risk of Lagging in AI Agents

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The future promise of AI agents is threatened by Europe's regulatory hurdles on data and business practices of large online platforms. European regulators must act swiftly to support AI innovation.

Artificial Intelligence (AI) is advancing rapidly and disruptively. Since the release of ChatGPT in November 2022, AI has become a fundamental technology, driving a surge of new models and AI-powered applications, such as chatbots. Businesses and individuals have adopted these technologies at an unprecedented pace, unlike anything seen in previous industrial revolutions. However, despite the promise of a future enhanced by AI agents, Europe's regulatory environment is hindering their development.

AI agents, acting as personal assistants, can perform a range of complex tasks on behalf of users. For instance, AI agents can plan an entire trip, from choosing the destination and booking hotels and flights to providing personalised activities based on the user's interests. These agents can deliver significant economic benefits. For example, the fintech company [Klarna](#) has introduced an AI assistant that now handles two-thirds of its customer service chats. This innovation has saved consumers time, reduced the need for human customer service representatives, and ultimately increased Klarna's profitability.

The competition for developing AI agents is fierce. Within a few months, major tech companies like [OpenAI](#), [Google](#), [Microsoft](#), [Meta](#), and [Apple](#) announced their AI assistants with advanced capabilities. These firms are well-positioned to lead in this area because they already facilitate interactions between businesses and users and have access to valuable data necessary to provide relevant context to AI agents.

However, these tech giants face significant regulatory hurdles in Europe. [Meta](#), for instance, sought to develop its models using publicly available personal data but had to pause following concerns from its lead data protection authority, the Irish data protection authority, regarding compliance with the European General Data Protection Regulation. This setback is delaying the development and launch of Meta's AI assistant in Europe. Similarly, [Apple's AI agent](#), Apple Intelligence, intended as a new feature of its operating system, is facing delays due to concerns with the European Digital Markets Act (DMA). The DMA regulates business practices of large

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online platforms acting as “gatekeepers”—unavoidable trading partners—with a list of obligations and interdictions. It requires Apple to offer third-party access to certain functionalities of its operating system for free, ensuring only strictly necessary privacy and security measures to protect the integrity of the system. [Apple](#) is currently challenging this provision before the European Court of Justice, arguing that it is inconsistent with the European Charter of Fundamental Rights and the principle of proportionality. Apple is now seeking clarification from the DMA regulator, the European Commission, before launching Apple Intelligence in Europe. [Google](#), too, has withheld the launch of its new AI answer functionality, Google AI Overviews, in Europe, likely due to concerns over DMA compliance, which restricts Google from promoting its own services over those of its rivals in Google Search.

As a result, European businesses and consumers risk falling behind their global counterparts. While other regions capitalise on innovative AI agents, Europe may miss out on these advancements, placing its industries and users at a competitive disadvantage and [deepening its already lagging position behind the United States and China in AI investments](#).

Europe cannot wait and watch if it wants to stay competitive with other leading regions. It must urgently seize the opportunities presented by AI agents. European regulators need to provide legal certainty to address the legitimate concerns about data usage and the business practices of large online platforms. The High-Level Group of the DMA represents a promising initiative to ensure a consistent regulatory approach. Composed of European regulatory bodies responsible for data protection, consumer protection, competition, audiovisual media, and electronic communications, alongside the Commission, [the group has already publicly expressed its intention to ensure consistency in AI across the DMA and other legal frameworks](#), like data protection and content moderation. But more than intention is needed. The group must quickly adopt an initiative similar to its counterpart in the United Kingdom, the Digital Regulation Cooperation Forum (DRCF), which supports firms through the [DRCF AI and Digital Hub](#), helping them innovate by providing support on novel and cross-regulatory issues.

About

Digital Competition

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This paper is part of our GenAI and Competition Hub (<https://www.digital-competition.com/genaiandcompetitionhub>). It strives for responsible GenAI development, ensuring favourable market conditions that benefit all. We leverage expertise and dialogue with stakeholders and competition authorities while maintaining our commitment to open access, full transparency, and impartial advice. Our Hub helps stakeholders and decisionmakers navigate complex and rapid GenAI market and regulatory development. We also nurture the discussion in designing competition policies that deliver favourable market conditions in the context of intense monitoring of GenAI by competition authorities worldwide and the forthcoming 2024 G7 Italian presidency.

We provide research and market studies and invite stakeholders to contribute with relevant input. We also offer private consultations, training sessions, and conferences on GenAI and competition. Contact us to join the Hub and/or for consultation/press inquiries.

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