

Position on the EU AI Act

Key messages

- BASF welcomes the main objectives of the Artificial Intelligence (AI) Act, as it has the potential to ensure trustworthy AI, while safeguarding the research and deployment of innovative solutions in the European Union.
- Smart regulation is key in allowing for an innovation-friendly environment. The AI Act however does not fully reflect this principle and must be amended to allow the EU to become an attractive and pro-competitive market for AI Systems.
- Responsibilities along the complex AI supply chain are unclear and must be carefully evaluated, clearly defined, and allocated to avoid imbalances between providers, importers, distributors, and users.
- Requirements for High-Risk AI Systems must be amended to be reasonable, properly defined and proportionate as to reflect the reality of different deployment contexts, including large manufacturing facilities.
- Regulatory Sandboxes are supported but must provide an added value for participating companies.

About the topic

The proposed AI Act establishes a legislative framework harmonizing the rules for developing, placing on the market, and putting AI Systems into service in the EU. The proposal presents a risk-based approach, categorizing AI Systems into four different risk levels: unacceptable risk, high risk, limited risk, and minimal risk. According to the European Commission's AI Act proposal, an AI system is a software which is developed with one or more approaches or techniques (e.g., machine learning) for a specific set of human-defined objectives, but can also generate outputs like content, predictions, recommendations, or decisions influencing the environment they interact with.

With the AI Act, the European Commission wants to ensure that AI systems on EU market are safe and respect EU laws and values, create legal certainty to facilitate investment and innovation in AI, enhance governance and enforcement of existing legal requirements, and facilitate the safe, lawful, and ethical development of AI applications.

What does BASF offer?

AI solutions are a growing part of the way BASF does research and improves its business processes. The ongoing deployment of innovative AI has the potential to contribute towards our sustainability objectives. BASF develops and invests in AI applications and solutions in all areas of its day-to-day business, including production, engineering, research and development, human resources, and management. For example:

Manufacturing: We use AI to leverage the predictive power of thousands of sensors in our production facilities to detect anomalies that affect our production capability.

Crop protection: We use computer vision to automatically detect the spread and depth of fungal infections in plant leaves and determine the efficiency of our products.

Credit risk management: We use AI to automate the credit scoring process by using machine learning to calculate customer credit.

Our position

At BASF, we understand AI as the development of computer-based systems that can perform tasks that typically require human intelligence. These tasks include, but are not limited to, visual perception, speech recognition, decision-making, and language translation. An AI system at BASF comprises multiple components, such as sensors, processors, memory, and software, that work together to interpret and analyze data, make decisions, and perform actions based on predefined rules or learned patterns. Such systems use various techniques, including machine learning, deep learning, natural language processing, and computer vision, to analyze data and learn from experience to improve their performance

BASF welcomes the main objectives of the AI Act, as the legislation has the potential to support the development and deployment of trustworthy AI in the European Union. To achieve these goals, the legislation should be balanced and proportionate, focusing on the minimum necessary requirements to address potential risks of AI while at the same time promoting the benefits of AI.

AI System definition: The capacity to receive machine/or human-based data inputs is a key characteristic of any AI System. The definition should reference and emphasize the role of data and the unique characteristics of an AI system (e.g., self-learning capability) in comparison to a system for merely automated, repetitive tasks.

Generative AI: Such as ChatGPT are innovative tools that present challenges and opportunities for companies and regulators. The benefits and potential risks should be carefully evaluated, and the regulatory need clearly identified.

Context of deployment: The legislation should consider uses of AI Systems in different situations. For example, any requirement should consider that AI Systems can be used in large manufacturing complex, dealing with safety operations or by private individuals.

Classification of High-Risk AI Systems: Should be clear and easily implementable. Challenges remain in fully understanding which systems would be considered high-risk. In addition, an AI System should not be considered high risk when its output is not decisive in respect of the action or decision to be taken by the user, as they would not lead to significant risks.

Chain of responsibility: Obligations for providers, distributors, importers, and users should be further clarified. It is crucial to strike a balance on the different allocation of responsibilities between the actors in a complex AI System supply chain. In addition, any shift of responsibility to a user of AI System should be carefully analyzed and actors should have the freedom to allocate certain responsibilities in their respective contractual obligations.

Innovation: The legislation should strike the right balance between a risk-based approach and allowing for an innovation-friendly AI systems to be developed. Innovative AI solutions may bring advances in different areas, allowing for disruptive innovations and supporting sustainability objectives.

Regulatory Sandboxes: The legislation should foster the development of regulatory sandboxes for AI. The participation process should be open, transparent, voluntary, and participation should provide incentives for the participants. In Regulatory Sandboxes, participants could develop suitable guidelines for the implementation of the AI Act, investigate AI Systems to determine their risk and potentially benefit from a presumption of conformity with the legislation.