



Time to Hit Pause on the AI Act - A Call to Delay the AI Act's Implementation for Europe's Startup Future

This letter is written on behalf of Denmark's startup and scaleup community—thousands of entrepreneurs who are building Europe's digital future and deeply committed to its values.

But we are also sounding the alarm. The AI Act, as it stands, is not ready for the complexity of today's AI landscape. Not ready for the startups trying to navigate its legal uncertainty. And not ready for the scale of economic impact it could trigger across Europe if rushed into enforcement. We support the goals of the Act. We believe in responsible AI. But intent alone is not enough. Execution matters. And right now, startups are paying the price of regulatory ambition without clarity.

Use the Digital Omnibus to pause, rethink, and improve

We urge the Commission to "stop the clock" on the AI Act's implementation—and use the upcoming Digital Omnibus as a vehicle to hit pause, reset, and ensure this law works not just in theory, but in practice.

Startups across Europe—especially those working at the edge of general-purpose and high-risk AI—are already scaling back or delaying deployment. They don't know whether their tools will be considered lawful, high-risk, or banned. They're unsure which regulator to turn to. And they're forced to pour scarce resources into compliance consultants instead of engineers. This is not the Europe they were promised.

Siemens has publicly called for a two-year delay, citing the lack of harmonised standards and the risk of legal fragmentation. And they are not alone. **On May 14, the Dutch Parliament adopted a motion calling for an assessment of the AI Act** in connection with the upcoming Digital Omnibus, and **the Danish Digital Minister** has just stated that **she is open for delaying the start date of the AI act if needed**.

Let's not rush, but follow the good idea of Siemens and others. **The AI Act was negotiated before today's foundational models even existed**. Now we are asking Europe's smallest companies to comply with a regulatory framework that was outdated the moment it was adopted.

Even low-risk use cases are caught in the net

A clear example that warrants reconsideration is the AI Act's literacy requirements, which appear to extend even to minimal-risk applications - such as an employer using basic ChatGPT. This would compel small businesses to allocate resources for dedicated staff training solely to meet AIA compliance, and in addition to existing obligations under frameworks like the GDPR, which already mandate responsible use of all types of technology when processing personal data.

It's definitely not making life easier for small businesses. Imposing AI-specific training even for low-risk use cases is disproportionate and comparable to requiring formal instructions for an employee to simply use the internet.

A disproportionate approach to general-purpose AI

The European Union's current regulatory approach to GPAI models is also disproportionate and obsolete, posing a significant threat to the growth and competitiveness of EU startups and SMEs. Despite appearing to target large tech, the restrictive nature of the existing regime will drive the most advanced models out of the EU, directly harming smaller EU companies that rely on these models for innovation and productivity.

For instance, the direction of travel of the AI Act's transparency template, which would compel GPAI model providers to basically disclose trade secrets about the data sets used to train models with competitors, sends a clear signal that the EU is not a competitive or attractive location for placing GPAI models. This approach will only serve to deter GPAI providers from operating in the region, ultimately impacting the EU's startup ecosystem.

To foster a thriving AI ecosystem in the EU, it is essential to adopt an open regulatory approach that encourages the development, deployment, and use of foundational GPAI models. This would enable EU startups to play their vital role in the AI value chain, driving innovation and productivity across the region. The Commission must reconsider the AI Act's approach and ensure that regulation is applied in a way that benefits SMEs and startups, allowing them to leverage the latest AI technologies. By doing so, the EU can create a competitive and innovative environment that attracts and retains GPAI providers, ultimately supporting the growth and success of its startup scene.

Three steps to fix the AI Act before it's too late

We urge you to use the Omnibus process to take three decisive steps:

- 1. Delay implementation by at least two years** to give startups, SMEs, and regulators the time to prepare, understand, and adapt.
- 2. Fix the known pain points—including the disproportionate regulations** that have become obsolete even before their implementation, potentially driving GPAI providers out of the EU, the overlaps with other regulations such as the GDPR, and the risk of having over a hundred national AI Act regulators with varying interpretations of the Act, as a result of the current trend we are observing among member states to propose as many as 6-8 and more AI Act regulators within a single country. .
- 3. Introduce a competitiveness test** for all upcoming digital regulation, so that innovation and jobs are not sacrificed in pursuit of legal perfection.

This is not a call to abandon Europe's values. On the contrary—this is how we protect them. Because if we regulate too much, too soon, without real-world alignment, we won't have a thriving AI sector left to regulate. Europe will become a rule-maker, not a market-shaper.

The Digital Omnibus is our opportunity to chart a smarter course. Take the time. Get it right. The future of European innovation depends on it.

Kind regards,



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