

From Innovation to Regulation: The EU's AI Act as the Global Benchmark

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The growth of Artificial Intelligence (AI) causes several challenges, not only technological but also legal, ethical, and social dimensions. Initiatives are being undertaken globally to formulate suitable legal mechanisms to regulate AI. The European Union (EU) adopted the world's first-ever comprehensive legal framework for AI, the AI Act, effective from 2nd August 2024. The primary purpose of the Act is to protect fundamental rights, democracy, the rule of law, and the environment from the harmful effects of AI, while supporting innovation and promoting trustworthy AI. The research aims to examine the mechanisms adopted under the Act by addressing questions regarding how comprehensively the term 'AI' is defined and how effective the risk-based classification introduced by the Act is. The study explores the risk-based approach of the Act to regulate different AI applications ranging from minimal risk to applications which are banned entirely, based on the level of risk they pose to the society. The research analyses how such a method is beneficial for addressing the existing challenges of AI faced by the global population in different fields. The study is primarily designed as doctrinal legal research, utilizing the black letter approach, and adopting qualitative methodology to evaluate the effectiveness of the Act in addressing current AI challenges, with a focus limited to the identified areas. Since this Act is a brand-new addition, there is a dearth of previous literature examining adequacy, coverage, and effectiveness at industry levels, which justifies undertaking this research. However, the suitability of the mechanisms and any regulatory gaps cannot be identified until the Act is properly implemented, which limits the scope of this study. Furthermore, the research findings will highlight the necessity for similar mechanisms in Sri Lanka, admitting that the challenges posed by AI are not limited to developed jurisdictions alone.

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