

## AIRTO response to BEIS Inquiry, March 2020

<https://committees.parliament.uk/work/92/my-beis-inquiry/>

### 1. Outline issue

#### **Anticipatory Regulation and its impact on Innovating Businesses and Public Safety**

There are two strands:

a) Circumstances pertaining to areas that are subject to existing regulation but have since undergone changes in technology and business practice which render the existing regulation mismatched to newly emerged business approaches and practices. This results in the regulatory environment acting as a brake on business growth and UK competitiveness. A recent example is to be found in the space sector, concerning UK licensing requirements relating to the launch and close-proximity operation in orbit of new generations and large numbers of small satellites. These are technologies in which the UK is a global leader.

b) Situations where there is an absence of a regulatory framework within which to deploy innovative products and services, resulting in hesitancy on the part of both innovating businesses and their investors. This again impacts on the potential for UK growth and competitiveness. The current example is the application of new AI-based products and services. Here there are significant uncertainties concerning potential legal liabilities and public (non)acceptance of such services in the light of worries about the ownership, protection and privacy of the data on which such systems rely for their operation.

### 2. Why does this issue deserve attention?

This issue falls squarely within the remit and responsibility of government and it impacts all eight of the topics of interest cited in the guidance document (as well as Access to Finance for innovating businesses and FDI from overseas businesses seeking to locate in the UK). There are also important implications for cross-departmental collaboration and policy alignment, as well as for international relations (including trade).

If these issues are not addressed the government risks failing to reap full potential value from its investment in science and technology and from other initiatives. These include the major infrastructure projects and the drive for foreign investment. This will all negatively impact growth, jobs and the ability of the economy to reach net zero carbon and other key targets in the longer term.

Regulation needs to keep pace with innovation and to anticipate wherever possible the resulting changes to products, services, business practices and markets. It is important also to anticipate likely changes to consumer and supplier behaviour.

A notable example from recent decades where this has not happened is the internet.

### 3. How could Government policy in this area be improved? (This might include the creation of new policy or changes to existing policy)

In order to address this issue, there needs to be synergies between regulation (existing and needed) and emerging new technologies. To achieve these synergies will require both horizon scanning and consultation by BEIS, to identify the effect of current and the requirement for future regulation that does not inhibit new technologies and innovations being fully exploited in the UK and by UK industry. This can be viewed as regulation keeping pace with new technology, but a more effective policy will be for regulation to be used proactively to encourage the development and implementation of new technologies in the UK.