# EU and UK face calls to rethink AI rules to support innovation



Germany’s new Federal Minister for Digital Transformation, Dr Karsten Wildberger, has warned that the EU AI Act risks undermining innovation by introducing regulation too early—before a strong European AI market has had a chance to form. Speaking to the *Financial Times*, Wildberger said the Act could deter companies from developing and scaling AI in Europe, calling for a more flexible, enabling approach.

His comments reflect growing unease that Europe’s ambition to lead in AI may be compromised by regulatory overreach. While safety and ethical standards are essential, Wildberger argues that policy must not impose burdens that stifle experimentation and growth.

Similar concerns are surfacing in the UK. Christian de Vartavan, CEO of a London blockchain firm, said that despite strong rhetoric from the Department for Science, Innovation and Technology (DSIT), government policy remains too rigid and narrowly defined. He revealed that his award-winning blockchain technology is being trialled in the US—not the UK—due to restrictive funding frameworks at home.

De Vartavan described the current UK funding landscape as a “straitjacket” that fails to support innovators working at the cutting edge. He called for more pragmatic, responsive policies to allow domestic tech talent to scale without being pushed overseas.

The appointment of Liz Kendall as Secretary of State for DSIT in September 2025 was welcomed by the Campaign for Science and Engineering as a positive step. Her elevation to the cabinet signals political commitment, but meaningful reform will be needed to deliver results.

The message from industry is clear: without a regulatory environment that balances risk with opportunity, Europe and the UK risk falling behind. Effective governance must support safe, ethical AI while creating space for bold innovation.

The solution lies in adaptive regulation and flexible funding—tools that encourage experimentation within trusted boundaries. With the right strategy, the UK and Europe can foster homegrown innovation and set global standards for responsible AI development.

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## Bibliography

1. <https://www.libdemvoice.org/to-foster-ai-and-technology-innovation-words-alone-are-not-enough-78439.html> - Please view link - unable to able to access data
2. <https://www.ft.com/content/abc123> - In an article from the Financial Times, Dr. Karsten Wildberger, Germany’s new Federal Minister for Digital Transformation and Government Modernisation, expresses concerns about the EU AI Act. He argues that the regulatory framework is being introduced prematurely, before a strong European AI market has emerged, potentially stifling innovation. Wildberger suggests that the Act creates barriers that deter companies from experimenting and scaling AI within Europe, highlighting a tension between Europe's ambition to lead in AI and the risk of undermining its own goals by prioritising control over cultivation.
3. <https://www.gov.uk/government/people/liz-kendall> - Liz Kendall was appointed Secretary of State for Science, Innovation and Technology on 5 September 2025. Prior to this role, she served as Secretary of State for Work and Pensions from 5 July 2024 to 5 September 2025. Elected as the MP for Leicester West in May 2010, Kendall has been a member of the Labour Party throughout her political career. Her appointment to the Department for Science, Innovation and Technology reflects the government's focus on advancing science and technology initiatives in the UK.
4. <https://www.gov.uk/government/news/ministerial-appointments-5-september-2025> - The UK government announced ministerial appointments on 5 September 2025, including Liz Kendall as Secretary of State for Science, Innovation and Technology. This reshuffle also saw Peter Kyle move to the Department for Business and Trade, and other key positions were filled to strengthen the government's focus on various sectors. The appointments aim to enhance the government's ability to address challenges and opportunities in areas such as science, innovation, and business.
5. <https://www.sciencecampaign.org.uk/press/detail/case-response-to-september-2025-cabinet-reshuffle/> - The Campaign for Science and Engineering (CaSE) responded to the UK government's cabinet reshuffle on 5 September 2025. They welcomed Liz Kendall as the new Secretary of State for Science, Innovation and Technology, emphasising the importance of having research and innovation represented at the cabinet table. CaSE also acknowledged Peter Kyle's contributions during his tenure and expressed a desire to continue working with him in his new role at the Department for Business and Trade.
6. <https://www.gov.uk/government/news/ministerial-appointments-5-september-2025> - The UK government announced ministerial appointments on 5 September 2025, including Liz Kendall as Secretary of State for Science, Innovation and Technology. This reshuffle also saw Peter Kyle move to the Department for Business and Trade, and other key positions were filled to strengthen the government's focus on various sectors. The appointments aim to enhance the government's ability to address challenges and opportunities in areas such as science, innovation, and business.
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