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ZPP Policy Brief on the European Commission's "Apply AI Strategy"

Applications of AI technologies are set to revolutionise a vast array of industries. With its strong startups and industrial base, the European Union is in a position to make the most out of this potential. In spite of this, only 13.5% of EU-based companies are currently making use of these technologies, with SMEs having an even lower adoption rate.

To address this issue, on 8 October 2025 the European Commission adopted a new "Apply AI Strategy" intended to promote the integration of AI for companies. In this overview, we will break down what the Strategy means in practice, particularly in terms of what sectoral flagships the Commission plans to introduce, the methods proposed to address cross-sector challenges, and the nature of the new single governance mechanism that would make these plans a reality.

Sectoral Flagships

Sector	Proposals
Healthcare	- Advanced screening centres that utilise AI for disease detection and prevention. - A new "European Network of Expertise on AI Deployment in Healthcare" to collaboratively define the best practices in the field. - Promote the use of AI in developing new drugs for hard-to-treat illnesses. - Streamline market entry for AI-supported medical devices.
Manufacturing, engineering, and construction	- Support AI-based modelling tools to aid in predictive maintenance and optimise supply chain operations. - Provide funding to aid AI technologies move from development phase to deployment.
Defence, security, and space	- Accelerate the deployment of AI technologies to aid with data-gathering, tactical decision-making, and communications. - Provide further incentives for developing dual-use AI technologies. - Dedicated facilities for training AI with defence and space applications. - Support research and stimulate the market for AI tools to be used for internal security purposes. - Fund AI-enabled cybersecurity projects, supporting their interoperability and integration.

Transport and automotive	- Fast-track development of automated driving systems to address driver shortages. - "Autonomous Drive Ambition Cities" initiative to support cross-border collaboration in developing self-driving vehicles.
Electronic communications	- Expand capacities for AI-based solutions for network operations. - A "European Telco AI Platform" to promote collaborative exploration of the potential applications of AI in the telecommunications sector.
Energy	- Improve energy efficiencies through developing AI models for forecasting and optimisation. - Gain a better understanding of the energy consumption of the AI industry.
Climate and environment	- Capitalise on AI's potential for environmental monitoring and forecasting by deploying an "AI Earth-system frontier model".
Agri-food	- Provide further support for farmers by means of an "Agri-food AI platform" to increase adoption of AI-driven tools.

Cross-Sector Challenges

The Strategy outlines four key areas in which cross-sectoral issues arise, and the Commission's plans for how to address these. They are as follows:

Enhancing opportunities for SMEs

Small and medium-sized enterprises are disproportionately lagging behind in the uptake of AI, which largely stems from the currently available offers on the European market being targeted toward larger companies. As such, SMEs are faced with excessive complexity and prohibitive costs in adopting the systems and need more tailormade solutions. The Commission has therefore set out to transform the pre-existing European Digital Innovation Hubs – which are meant to support companies' digitalisation – into centres for bridging supply and demand, as well as providing access to the AI ecosystem to help with upskilling of the workforce. The Commission also calls upon companies to share their AI systems within this network of Hubs, thus allowing for their wider deployment throughout the EU.

Enabling AI-ready workforce across sectors

While the majority of EU workers report that AI helps them carry out their tasks more efficiently, concerns persist regarding the quality of their performance, as well as the potential risk of the workers being displaced. In an effort to address the need for AI literacy, the

Commission pledges to provide specialised trainings tailored to particular sectors working with AI, and calls upon industries to do the same, particularly in those sectors most at risk of being restructured due to AI. They also aim to provide funding for executive master's programmes meant to produce expert AI engineers who can then build partnerships through an "AI entrepreneurs lab" that the Commission aims to establish. Finally, to ensure that policies remain inclusive and to mitigate potential disruptions, the Commission plans to monitor the effects of AI deployment on the labour market.

Supporting AI as a production factor

AI has already become an essential element of production in the modern economy, with both general-purpose and specialised AI models providing invaluable support across domains. To maintain this momentum, the Commission seeks to coordinate initiatives designed to pool expertise and the strategic resources required to produce cutting-edge AI systems. One crucial aspect where the EU can provide added value lies in its ability to provide innovators with access to supercomputers to further develop their AI models, which would be carried out through competitions set up by the Commission.

Ensuring trust in the European market

The final category of cross-sector challenges concerns the uncertainty and lack of guidance that businesses face when adopting AI. While the AI Act Service Desk is already in place to provide industries with answers to their questions about implementations and tools to check their compliance with legal obligations, the Commission intends to establish further guidelines for classifying which AI systems are at higher risk of causing legal difficulties, elaborate on the interplay between AI legislation and other EU laws, and to ensure that all Member States establish sufficient national authorities to oversee AI's integration into their respective legal systems.

Single Governance Mechanism

To facilitate the implementation of this Strategy, the Commission proposes a structure of three platforms for AI policymaking. Firstly, the already established AI Board shall continue to serve as a forum for discussion between the Member States, to ensure the exchange of best practices across borders.

Second, an "Apply AI Alliance" is intended to serve as a platform for coordination between industry stakeholders and policymakers. This would provide industry representatives with direct access to the legislators, thereby maximising the likelihood of policies accurately reflecting the needs and wants of those most impacted by them. In addition, the Alliance is meant as an entry point for consultations, a forum for networking, and host annual gatherings to set the agendas for further AI innovation policies.

Finally, a new AI Observatory body is set to be established, with the goal of supporting sectoral discussions by assessing the impact of AI legislation and monitoring developments in the labour market.

Conclusion

The "Apply AI Strategy" marks a significant step toward accelerating the adoption of artificial intelligence across the Union, and the ZPP is encouraged by the Commission's dedication to making Europe a leader in the responsible deployment of AI. That being said, several considerations that must be addressed for this Strategy to maximise its potential.

First, while we find that the proposals regarding SME opportunities to be a good starting point, there is a clear need for further dedicated support to ensure that the various other initiatives are accessible to companies of smaller scales. Second, the training programmes being developed must accurately reflect the needs of different industries, which can only be achieved through consultations with the relevant stakeholders. Third, rather than merely providing opportunities to enable AI deployment, there must also be strong incentives in place to allow companies to adopt these new technologies. Finally, across all the initiatives and proposals, it is vital that the Commission takes heed that any new or revised legislation does not give rise to regulatory ambiguity, administrative burdens, or prohibitive costs.

If these points are taken into account and the Commission maintains its commitment to giving stakeholders an active role in shaping these policies, we believe that the Strategy has a strong potential to make a substantial contribution for Europe's innovative future.