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Rebuilding Europe’s Digital Competitiveness through smarter regulation

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Position paper on the Digital Omnibus on AI



I. Introduction

Europe stands today at a defining crossroads in its digital transformation. Over the past years, companies across the Union have witnessed the emergence of an increasingly dense regulatory landscape, built layer after layer through the GDPR, NIS₂, DORA, CER, eIDAS, CRA and, most recently, the AI Act. Each instrument responds to legitimate concerns: trust, transparency, cybersecurity, fundamental rights. Yet, their accumulation has created a patchwork of obligations, which makes it increasingly harder for organizations to navigate the global European regulatory landscape.

This fragmentation is now a structural impediment to innovation, competitiveness and investment. Instead of enabling digital transformation, Europe's regulatory framework too often diverts resources toward administrative and interpretative work, multiplying compliance risks and slowing down innovation and time-to-market for European technologies. For many organizations operating in Luxembourg and across Europe, especially those engaged in cross-border activities, compliance with the digital acquis has become a highly complex matter given its architecture, thus requiring substantial legal, technical and organizational effort, an effort that is not proportionate to the risks addressed nor aligned with the pace of technological innovation. Luxembourg's industrial and digital sectors are eager for a regulatory environment that enables innovation, supports competitiveness, and provides legal clarity, without imposing unnecessary administrative burdens or stifling responsible growth.

FEDIL therefore calls upon the Government and the European institutions to globally review the Digital Omnibus with a view to abolishing bits and pieces of European regulations, particularly those that do not add value in terms of protection of the citizens of the EU. FEDIL stands ready, together with Business Europe, to take an active part in such review or overhaul.

Subject to this, the Digital Omnibus on AI, in general, represents a crucial opportunity for the European Union to demonstrate that it can recalibrate its regulatory approach. It offers the chance not to add another layer of obligations, but to step back, rationalize, consolidate and simplify. In essence, it is the opportunity for the EU to show that it can **regulate better**, not simply regulate more. **The Omnibus must in this context serve as a corrective mechanism**, and FEDIL welcomes the Commission's ambition to address the complexity, fragmentation, and uncertainty that have emerged from the rapid succession and complexification of digital regulations in recent years.

But ambition is not sufficient, and simplification cannot merely be a slogan.

Simplification must be factual, measurable and structural, not conceptual. Businesses need a digital framework that is coherent, operational and future-proof, that supports innovation rather than constrains it, that offers clarity rather than ambiguity, and that ensures compliance efforts remain proportionate to real risks. A digital framework providing a stable regulatory environment that allows them to plan, to innovate confidently, scale responsibly and compete globally without being weighed down by overlapping requirements or unpredictable timelines. In the same vein, Commissioner Valdis Dombrovskis also recently advocated for "eliminating obsolete, redundant and superfluous requirements"¹.

Europe must transform its approach to digital regulation into a **lever of competitiveness**, not a barrier. The Digital Omnibus must be the instrument that turns regulatory complexity into **regulatory intelligence**, ensuring clarity, predictability and proportionality, while preserving high standards of safety and trust.

¹ Statement: Op-ed by Commissioner Dombrovskis on simplification: Releasing the handbrake on Europe's growth. https://ec.europa.eu/commission/presscorner/detail/en/statement_26_410

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Only a simplified and rationalized framework will allow Europe to remain a place where innovation thrives and where businesses can develop and deploy trustworthy and innovative AI on a global scale.

To reflect the breadth of the ongoing legislative exercise, FEDIL emphasizes that this paper constitutes the first contribution in a broader series. Additional position papers will be shared in the coming weeks, addressing further chapters and thematic components of the Digital Omnibus package, ensuring that the full spectrum of implications for industry is thoroughly reflected in the legislative debate.

This position paper further sets out hereafter FEDIL's specific analysis of certain provisions of the proposed amendments to the AI Act within the Digital Omnibus.

II. Key recommendations

1. High-risk AI systems (HRAIS) compliance timelines: legal certainty and predictability as a prerequisite for competitiveness

A regulatory framework that depends on the uncertain availability of technical standards cannot provide the stability required for responsible innovation. While the Commission's proposal intends to introduce pragmatism by tying the application of high-risk AI obligations to the readiness of harmonized standards, it inadvertently creates a prolonged period of ambiguity. For companies planning multi-year development cycles, coordinating compliance activities across jurisdictions, and managing limited internal resources, this uncertainty translates directly into operational and strategic risk.

Europe cannot afford a compliance regime where organizations do not know **when** obligations will apply, **how** extensive they will be, or **whether** adaptation periods will be sufficient. Predictability is not a luxury; it is a prerequisite for competitiveness, investment, and responsible innovation.

Timelines must be fixed, realistic, and anchored in legal certainty. A predictable regulatory environment strengthens Europe's ability to innovate.

To transform the Digital Omnibus into a genuine simplification tool, the timeline architecture for high-risk AI obligations must be reinforced. This requires abandoning mechanisms that create moving targets and instead embracing an approach that mirrors the regulatory stability businesses depend on in other EU frameworks.

For the reform to provide the necessary predictability, FEDIL calls for:

- **Fixed dates are essential for all high-risk systems.**
FEDIL calls for fixed applicability dates, i.e. 2 December 2027 Annex III and 2 December 2028 for HRAIS falling under Annex I, followed by a minimum of 12 months of transition for every high-risk AI system, regardless of whether it falls under Annex I or Annex III. Such an approach ensures fairness, predictability and operational coherence.
- **A regulatory timeline cannot depend on variables outside companies' control.**
Reliance on the timing, granularity and maturity of harmonized standards, historically subject to delays, creates an unpredictable compliance landscape that hinders planning, resource allocation and product development.

- **Standards must support the law, not reshape it.**
A principle-based regulatory framework is indispensable. Standards and guidance should facilitate implementation, not redefine legal obligations or introduce a moving target that forces organizations to continuously reinterpret compliance.

By ensuring the Digital Omnibus reinforces predictability rather than eroding it, co-legislators will support a European AI ecosystem that is competitive, forward-looking and capable of scaling responsibly across global markets.

2. Transparency requirements: ambition must align with technical reality

Transparency obligations under Article 50 are a central component of the AI Act and can play a key role in strengthening trust, protecting users, and limiting the spread of misleading content. FEDIL fully supports this ambition. However, ambition must be matched with **technical feasibility, operational realism and regulatory coherence**. The current approach risks imposing obligations faster than providers and deployers can safely and effectively implement them, also for generative AI systems already on the market.

Machine-readable watermarking, provenance indicators and content detectability are **complex engineering tasks**. Retrofitting deployed or advanced-stage models requires deep architectural changes, extensive testing, and coordination across development, security and product teams. A six-month transition period is not only unrealistic; it may undermine the effectiveness of transparency requirements by forcing rushed, inconsistent or incomplete implementation.

Moreover, the proposed grace period applies only to **providers** under Article 50(2), leaving **deployers** subject to immediate “deep fakes” obligations under Article 50(4) despite facing similar technical constraints. The Code of Practice that will not be finalized before May is relevant for both paragraph 2 as well as 4, leaving companies only a few weeks to implement the technical requirement. This creates **regulatory incoherence, high compliance risks and operational uncertainty** across the value chain.

FEDIL stresses that transparency obligations must *reinforce trust*, not create fragmented compliance, operational uncertainty or competitive distortions.

FEDIL calls for a transparency regime that is realistic, phased and technically grounded.

- **A minimum 12-month grace period for all providers and deployers under paragraphs 2 and 4.**
The six-month period proposed in the Omnibus is too short for organizations, particularly SMEs and mid-caps, to adapt complex systems, validate new watermarking technologies and integrate provenance mechanisms without compromising system performance or safety.
- **Deferral of text watermarking until solutions are technically mature and interoperable.**
Current techniques lack robustness, interoperability and reliability, and are easily circumvented. They risk generating a false sense of security and diverting resources from more effective measures. Mandating premature deployment would weaken rather than strengthen the transparency framework.

- **A full exemption for AI-generated code.**
Embedding watermarking into source code risks introducing vulnerabilities, breaking functionality, conflicting with secure development practices, and undermining software integrity. Existing provenance tools and audit mechanisms offer safer and more appropriate alternatives.
- **Alignment of obligations for providers and deployers under paragraphs 2 and 4.**
It is inconsistent and counterproductive to impose transition periods on providers but not on deployers, who face similar technical and operational constraints. Article 50(2) and Article 50(4) must be coherent and synchronized.
- **Avoiding delay of new product launches.**
All AI systems that are brought to the EU market before the extended compliance deadline should benefit from the extended time for compliance work. Otherwise, companies will need to delay product launches since they need to implement the technical requirements such as specified in the Commission Guidelines and the Code of Practice which will not be finalized before May.

A transparency regime that is not technologically feasible, not aligned across actors, or imposed on unrealistic timelines or aligned with real implementation cycles risks eroding trust, fragmenting the Single Market and undermining Europe's competitiveness. By setting proportionate timelines, ensuring technological readiness and harmonizing obligations across the value chain, the EU can establish a transparency framework that is robust, credible and innovation-friendly.

3. Processing special categories of personal data for bias detection and mitigation: one coherent rulebook, nor parallel regimes

A robust framework for bias detection and mitigation is essential to ensure that AI systems are fair, inclusive and non-discriminatory. Yet this objective must be pursued through a **single, coherent and operationally realistic legal regime**. The Digital Omnibus seeks to broaden the legal basis for processing special categories of personal data for the purpose of identifying and correcting bias. While this reflects a genuine technical necessity, it also risks creating uncertainty if not fully aligned with the General Data Protection Regulation (GDPR), which already governs such processing through Article 9(2).

FEDIL stresses that regulatory fragmentation in the field of sensitive data would dramatically increase compliance burdens, especially for actors deploying AI across multiple jurisdictions and risk generating **legal uncertainty, duplicative documentation, and inconsistent enforcement** across Member States, all with no additional benefit for individuals or fairness outcomes. Companies cannot be expected to navigate two overlapping or partially conflicting frameworks for the same category of data.

Legal certainty, proportionality and consistency must guide the reform.

The reform must enable fairness without multiplying legal regimes:

- **One rulebook, not two.**
Any new legal basis for processing sensitive data must be explicitly and fully aligned with the GDPR. Organizations must not face parallel or duplicative interpretations between AI-specific rules and established privacy law.

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- **Safeguards must be harmonized and realistic.**
Safeguards such as necessity assessments, alternative-data evaluations, documentation and deletion requirements must reflect real AI development cycles, including the need for long-term data retention for auditability, reproducibility, versioning and safety validation.
- **Proportionality must guide obligations.**
Sensitive data categories do not entail the same risks in all circumstances, particularly when processed in controlled environments under strong governance. Obligations should be proportionate and risk-based and must avoid generating unnecessary documentation or administrative burdens.
- **A predictable and unified compliance pathway.**

Companies must be able to rely on a single and coherent legal basis, without navigating ambiguous or contradictory instructions between the GDPR and the AI Act. This is essential for effective internal governance, accountability and external oversight.

A legal basis for sensitive data processing that cannot be operationalized will not support fairness, it will hinder it. By ensuring full coherence with the GDPR, harmonized safeguards and proportionate obligations, the Digital Omnibus can genuinely enable responsible and effective bias mitigation without adding bureaucratic complexity or legal ambiguity

4. **Registration of High-Risk AI Systems (HRAIS): streamlining compliance while safeguarding trust and consistency**

A proportionate and innovation-friendly regulatory framework must ensure that administrative obligations are aligned with **actual risk**, not theoretical classifications. Under the current AI Act, the obligation to register *all* systems intended for Annex III use, even those that providers have thoroughly assessed as non-high-risk under Article 6(3), creates a significant and unnecessary administrative burden. This approach diverts resources away from substantive risk management and imposes high costs on organizations, particularly those operating at scale or in the public sector, where large numbers of procedural or assistive AI tools are used.

The Digital Omnibus makes meaningful and much-needed correction by limiting the EU database registration requirement strictly to systems **genuinely classified as high-risk**. This is a welcome shift toward a more rational and operationally realistic regulatory framework.

FEDIL calls for registration obligations that reflect real-world risks, not procedural formality.

- **Registration must be limited to AI systems genuinely classified as high-risk.**
Obligations should correspond to the actual risk profile of a system. Requiring the registration of tools that pose minimal or no risk, despite a documented non-high-risk assessment, offers little regulatory value while creating disproportionate administrative workload.
- **Documentation obligations must remain proportionate and harmonized.**
Providers should retain clear evidence of their classification decisions, but the process must not become an additional source of bureaucracy or legal uncertainty. The Commission should issue practical, harmonized guidance on classification methodology to avoid divergent interpretations across Member States and ensure consistent assessments.

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- **Good-faith providers must benefit from remedy periods.**

With a shift from pre-market registration to ex-post oversight, enforcement must distinguish between negligence and reasonable classification differences. Providers acting in good faith should have the opportunity to correct any issues identified during supervisory reviews. Sanctions should be reserved for intentional or persistent non-compliance.

A streamlined, risk-aligned registration model strengthens transparency where it matters most while reducing unnecessary burden for providers and deployers. By focusing administrative requirements on systems that genuinely warrant heightened scrutiny, the Digital Omnibus can deliver a more coherent, predictable and innovation-friendly regulatory environment.

5. Shift of the AI literacy obligation: striking the right balance between flexibility, risk management, and societal responsibility

AI literacy is an important enabler of trustworthy and responsible AI deployment, but regulation must avoid imposing rigid or disproportionate obligations that do not reflect the operational realities of European companies. The original AI Act introduced a broad, ill-defined requirement (Article 4) obliging all providers and deployers to ensure that *any person interacting with an AI system* had an appropriate level of AI literacy. In practice, this created substantial ambiguity, raised compliance concerns, and risked forcing organizations into developing extensive training programs disconnected from their actual risk profiles.

The Digital Omnibus rightly corrects this course. By removing the blanket legal obligation and shifting AI literacy to a policy objective for public authorities, the proposal refocuses the regulatory framework on flexibility, proportionality and risk-appropriateness. Companies remain encouraged, but not compelled, to continue or develop their own AI training strategies, while mandatory obligations are preserved only for roles that oversee high-risk AI systems, where literacy has direct safety and fundamental-rights implications.

This recalibration is a meaningful step toward reducing unnecessary administrative burden, while still supporting Europe's ambition to foster a digitally skilled workforce.

FEDIL supports AI literacy that empowers organizations, not constrains them.

- **Mutual recognition of national certification schemes is essential.**

Many companies operate in multiple Member States. Requiring equivalent training to be repeated across borders would create unnecessary duplication, administrative burden and cost. A European framework for mutual recognition would strengthen workforce mobility and ensure that high-quality training investments are fully valued across the Single Market.

- **AI literacy must remain flexible, sector-specific and voluntary beyond high-risk contexts.**

Different industries face different risks. A "one-size-fits-all" model would be counterproductive, divert resources from operational priorities, and undermine proportionate implementation. Instead, organizations should be free to adopt training approaches that best reflect their context, maturity and needs.

- **Introduce a minimum common skills baseline for critical sectors.**

The EU shall establish a minimum common skills baseline for essential sectors such as finance and healthcare, ensuring that key AI-related essential knowledge and competencies are applied consistently across areas where the risks and societal impact of AI are highest.

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- **Public authorities should lead societal-level AI literacy efforts.** Awareness campaigns, education programs and national competence frameworks are more effective levers than company-wide mandates. These initiatives can raise the general level of digital and AI understanding without creating disproportionate compliance duties for businesses.

By embracing a proportionate and flexible approach, the Digital Omnibus ensures that AI literacy strengthens trust and responsible AI adoption **without imposing unnecessary bureaucracy or diverting resources from innovation**. A calibrated framework, combined with mutual recognition and sector-specific flexibility, will support Europe's ambitions for a digitally skilled workforce while preserving the competitiveness of its industrial and digital ecosystems.

6. Expanding the scope of the European AI Office's regulatory powers: centralization is not simplification

The Digital Omnibus must be an exercise in **rationalization**, not an expansion of administrative layers. Yet the proposed extension of the European AI Office's supervisory powers risks moving Europe in the opposite direction: towards a **centralized bureaucracy**, detached from national realities, creating uncertainty, duplication and new compliance burdens for businesses.

Under the current AI Act, the governance structure is deliberately multi-level. This balance reflects the principles of subsidiarity, sector-specific expertise, and proximity to markets, foundations of effective and efficient enforcement. The Omnibus proposal disrupts this equilibrium by granting the AI Office exclusive supervisory competence over systems integrated into VLOPs and VLOSEs, sidelining national authorities except for Annex I product safety systems. This shift is presented as simplification, but in practice it risks generating double standards, fragmentation, and new layers of bureaucracy.

A single EU-level supervisory hub may appear efficient on paper, but it carries significant risks:

- 1. Loss of proximity and contextual expertise.** National authorities understand local markets, sector dynamics and operational realities. Removing them from first-line supervision weakens enforcement, reduces responsiveness and undermines the principle of subsidiarity. For companies, especially in smaller Member States, the ability to engage directly with a national authority is essential for practical, proportionate and timely compliance support.
- 2. Increased regulatory complexity and uncertainty.** Rather than creating clarity, the proposal introduces ambiguity. Providers may no longer know which authority to engage with, or why essentially similar AI systems would fall under entirely different supervisory pathways. Divergent interpretations or overlapping mandates could become more common, creating uncertainty exactly where the Omnibus was meant to reduce it.
- 3. Risk of a de facto regulatory monopoly.** Expanding the AI Office's authority without robust guardrails risks concentrating power in a body that may lack the proximity, resources or sectoral expertise needed to supervise a diverse and rapidly evolving AI landscape. The experience of other EU agencies shows that centralization can slow down decision-making and create bottlenecks, contradicting the EU's political ambition to streamline its digital rulebook.

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4. A dangerous precedent for other high-regulation sectors.

If centralized oversight becomes the norm for AI incorporated into large platforms, similar logics could later be applied to finance, health or other sectors. This risks undermining the long-standing European model of shared governance, balanced powers and national-level enforcement that accounts for real-world diversity across Member States.

Governance must be coordinated, not centralized.

To maintain a regulatory framework that is effective, proportionate, and supportive of competitiveness, FEDIL strongly opposes the proposed expansion of powers of the AI Office regulatory powers but calls for a governance model rooted in cooperation, not concentration.

- **Subsidiarity must remain the guiding principle.**
National authorities must continue to play a central supervisory role. Their proximity and understanding of sectoral realities are essential for predictable, risk-based enforcement.
- **Clear and unambiguous delineation of competences.**
The roles of the AI Office and national authorities must be precisely defined to prevent overlaps, contradictions or dual regimes. Legal certainty depends on eliminating grey zones, not creating new ones.
- **No double standards or uneven treatment.**
AI systems with similar risk profiles must not face different supervisory pathways simply because of provider structure or platform integration. Uniformity and fairness of enforcement are essential for a functioning Single Market.
- **Adequate resources and accountability before any mandate expansion.**
Without clear responsibilities, sufficient staffing and transparent oversight, an expanded AI Office risks becoming a bottleneck rather than an enabler.
- **Prioritize coordination mechanisms over centralization.**
The EU should enhance cooperation tools, information-sharing frameworks and joint supervision models, instead of shifting entire supervisory layers to the EU level.

FEDIL supports strong, consistent and trustworthy enforcement but not at the expense of subsidiarity, regulatory clarity and competitiveness.

The proposed expansion of the AI Office's powers introduces ambiguity, duplication, and institutional imbalance, weakening the very objective of the Digital Omnibus: a more coherent, predictable and innovation-friendly regulatory environment.

FEDIL therefore urges the co-legislators to reconsider this centralization, limit the AI Office's mandate to what is strictly necessary, and reinforce a governance structure where EU-level coordination and national-level expertise work hand in hand.

Good governance is built through cooperation, not concentration of power.

7. Proportionality for small mid-cap enterprises (SMCs): simplification applies across the entire business landscape

The Commission's proposal to extend proportionality measures to small mid-cap enterprises (SMCs) is a welcome and necessary correction. By providing SMCs with simplified compliance pathways, capped penalties and clearer definitions, the Omnibus addresses the long-criticized "cliff edge" effect that penalizes companies the moment they scale beyond SME status. This is a meaningful step in supporting Europe's scale-ups and innovative mid-sized firms, actors that are essential to strengthening Europe's industrial fabric and aligning with the strategic objectives highlighted in the Draghi report.

But the reform must go further. **Proportionality is not a privilege for smaller entities. It is a principle of good regulation that must apply consistently across the entire Single Market.** Regulatory complexity does not disappear when an organization crosses an arbitrary employee or turnover threshold. Large companies—especially those operating cross-border or in highly regulated sectors—face the same administrative burdens, the same duplicative requirements and the same need for predictability as SMEs and SMCs.

FEDIL calls for risk-based proportionality, not size-limited.

- **Proportionality for all low-risk contexts.**
Rules must be risk-based, not size-based. Companies operating low-risk AI systems, regardless of size, should benefit from simplified pathways, reduced documentation and standardized templates. Regulatory relief should follow actual risk, not organizational scale.
- **Avoid turning simplification into a zero-sum game.**
Penalizing larger companies in order to justify relief for smaller ones would be counterproductive and harmful to Europe's competitiveness. Innovation ecosystems depend on the entire industrial chain: start-ups, scale-ups, mid-caps and global players. If any segment becomes overburdened, the whole chain slows down. The goal must therefore be a net reduction of administrative burden across all tiers, not a redistribution of burdens from smaller to larger entities.
- **Simplification tools must be universally accessible.**
Templates, streamlined processes, group-level compliance options and clear guidance should be available to any organization that demonstrates low-risk use, ensuring consistency and reducing unnecessary bureaucracy.

Europe cannot afford to build a regulatory model that discourages growth, punishes success or fragments compliance obligations by company size.

FEDIL fully supports extending proportionality measures to SMCs. It is a positive step, but only one step. The EU must now adopt a broader, systemic vision of simplification, ensuring that proportionality becomes a horizontal principle benefiting all companies, not a selective adjustment based on size.

Only by right-sizing regulation for the entire European business landscape can the EU achieve its goals of innovation, competitiveness and industrial resilience.

Simplification is not a concession. It is a strategic necessity, for everyone.

8. **Conformity assessment, sandboxes, and real-world testing: avoid complexity and ensure effective innovation support**

Innovation-support mechanisms such as conformity assessments, sandboxes and real-world testing should be key enablers of a more agile, competitive European AI ecosystem. The Digital Omnibus rightly seeks to clarify these instruments and reduce fragmentation. However, without a coherent architecture and clear division of responsibilities, these mechanisms risk becoming additional layers of procedure rather than genuine simplification tools. For companies operating across borders or sectors, uncertainty about which pathway to follow, which authority to approach or which sandbox to join can quickly turn a supportive mechanism into a bureaucratic obstacle. To deliver on Europe's competitiveness goals, these tools must become easy to navigate, predictable and proportionate.

FEDIL calls for clarity, coordination and proportionality.

- **Clear separation of roles between EU-level and national sandboxes.**
The coexistence of national and EU-level sandboxes must not create duplication, hierarchy or ambiguity. EU sandboxes should complement, not overshadow, national initiatives such as Luxembourg's RE.M.I². They must not become "one-size-fits-all" structures that dilute local agility.
- **Aligned and predictable conformity assessment routes.**
Providers must know which authority to engage, when, and for which procedures. Overlaps between Commission-led assessments and notified bodies risk creating double standards and contradictory interpretations.
- **Equal and transparent access to real-world testing.**
Real-world testing is a critical enabler of safe innovation. Access must be predictable, risk-based and open to SMEs, SMCs and large companies alike, with clear conditions and harmonized procedures across Member States.
- **Harmonized governance with existing digital frameworks.**
Conformity assessments, sandboxes and testing processes should be consistent with GDPR, cybersecurity, product-safety and other horizontal frameworks, avoiding repeated documentation and approval routes.

Innovation tools must reduce complexity, not generate more.

FEDIL supports the ambition to streamline pre-market procedures. But the Omnibus will only achieve true simplification if these tools are **coherent, accessible and proportionate**, and if governance structures across EU and national levels are clearly delineated.

Effective innovation support requires clarity and coordination, not new layers of administration.

² <https://cnpd.public.lu/en/professionnels/outils-conformite/remi.html>

III. Conclusion and call to action

Europe stands at a defining moment. The Digital Omnibus on AI is not simply a technical adjustment to the AI Act, it is the EU's opportunity to demonstrate that it can **regulate intelligently**, strengthen **competitiveness**, and rebuild **trust in Europe's capacity to innovate**. The success of this reform will depend on the EU's ability to deliver what businesses have consistently asked for: **clarity, coherence, predictability and real simplification**.

Europe does not need *more* rules, it needs **better rules**, rules that reinforce legal certainty, reduce unnecessary administrative burdens, and allow companies of all sizes to innovate safely, responsibly and competitively. The Digital Omnibus on AI must therefore become a **turning point**: from regulatory accumulation to regulatory rationalization; from fragmentation to alignment; from bureaucratic complexity to **regulatory intelligence**.

FEDIL calls on the Commission and co-legislators to:

- **Anchor the Digital Omnibus in real simplification**, eliminating duplications, inconsistencies and unnecessary procedural layers.
- **Fix predictable and realistic compliance timelines** that protect investment and ensure Europe remains a competitive place to develop and deploy AI.
- **Preserve subsidiarity and national expertise** while strengthening coordinated and coherent EU-level governance.
- **Ensure proportionate obligations**, based on risk and operational reality rather than size thresholds or administrative formality.
- **Design innovation-support mechanisms**, conformity assessment, sandboxes, real-world testing, as tools that accelerate market access, not as additional layers of compliance.

Europe cannot afford a regulatory framework that slows innovation at the very moment global competitors are accelerating. The Digital Omnibus on AI must therefore reaffirm a fundamental principle: **effective regulation is not regulation that is heavier, but regulation that works**.

FEDIL stands ready to support the institutions in finalizing a Digital Omnibus that restores confidence, reinforces Europe's industrial strength, and ensures that AI can be developed, deployed and scaled in an environment that is **clear, coherent and conducive to innovation**.

Now is the time to choose competitiveness and to make simplification a reality.
