Scene setter

You will be meeting with [redacted] of Snap Inc., on 26 June for a 20-minute conversation at 10:30 for a one-hour conversation. During [redacted] visit that has been coordinated by Avisa Partners on behalf of Snap Inc., [redacted] will also meet Vice-President Vestager in the afternoon. Snap has declared their interest to “hold an exchange on artificial intelligence, developments in Augmented Reality (AR) technology as well as other digital policy developments”, possibly with a particular emphasis on AR.

Snap Inc. maintains the image messaging and multimedia mobile app Snapchat and manufactures the wearable smart glasses called spectacles. The company’s primary source of revenue is advertising. For the year 2022, Snapchat reported global revenues of USD 4.6 billion. In April 2023, Snapchat has been named a Very Large Online Platform by the Commission as it exceeds the Digital Services Act’s (DSA) threshold of users with 98.8 million average monthly active users in the EU. France is the European country with the highest number of users (4th worldwide), followed by Germany.

Snap is not a signatory of the Code of Practice on Disinformation but has published some actions they are taking to reduce disinformation on the platform. The platform accepts advertising and political advertising but uses fact-checking. Snap reports on actions taken against content, including false information. However, the number of actions taken under those policies are rather small worldwide, hence the impact of enforcement of their policies is yet not clear.

In February 2023, Snap Inc. has introduced My AI, a customised chatbot leveraging OpenAI’s technology within the Snapchat platform, offering advanced conversational capabilities and personalised features. After concerns expressed by users for collection of location data in April 2023, Snap Inc. clarified that My AI does not collect any new location information and only has access to a user’s location if permission has already been granted to Snapchat. Reports argue the tool is yet not safe enough as regards protection of children and teenagers and there were also concerns as regards its use to spread disinformation. In June 2023, Snap announced that over 150 million people have sent over 10 billion messages to My AI, ‘making My AI among the largest consumer chatbots available today.’

Snap AR is the software platform for AR creators and one of the contenders in the AR scene. Made by social media company Snap Inc, the platform allows creators to build their own face filters, effects, and shaders which are used in mobile AR experiences — in this case Snap. Around 250 million users engage with Snaps AR on a daily basis. Regarding virtual reality, [redacted] declared the company will focus on experiences built for the real world: “our fundamental thesis and our big bet is on the real world, and that people really enjoy spending time together in reality. And that computing can really enhance that, [and] make that more fun and contribute to shared experiences.” Snap Inc. also contributed to the call for evidence on the EU virtual worlds initiative with a paper that conveys the company’s conviction that AR represents the next major shift in computing. As opposed to the VR technology, which enables worlds disconnected from reality, the AR has a huge potential to positively enrich the way people communicate, experience and interact with the world around them.
Key messages

On AI

- We need a **solid regulatory framework** to ensure trustworthy AI based on our values and, among others, on high-quality data, transparency and risk mitigation.

- Moreover, the **European ecosystem of excellence in trustworthy AI** includes a range of actions from research, testing and experimentation (including supporting regulatory sandboxes) to AI deployment and uptake.

- The **AI Act proposal** is expected to foster innovation and to provide legal certainty for all providers of AI systems following a proportionate and risk-based approach.

- The negotiations on the AI Act with the European Parliament and the Council has just started. Among the topics that will attract most attention will be the specific rules for **general purpose and generative AI**, including **chatbots** such as My AI developed by Snap Inc.

- We aim for a timely adoption of the regulation that should remain **balanced**, **promoting both innovation and trust**.

- We cannot sit back and wait until the AI Act becomes applicable in two- or three-years’ time. This is why the Commission is considering an **AI Pact**, which will convene all AI developers (EU and non-EU) present in the EU market and seek their **voluntary commitment** to start preparing and implementing some key provisions of the AI Act ahead of the legal deadline.

- In addition, a **global approach** is necessary. We want one that is coherent with our EU values and principles. At the TTC Ministerial meeting in Sweden, I announced a code of conduct to feed into the G7 process, in particular focused on generative AI.

- Finally, the implementation of the **Digital Services Act** is a priority for the Commission. We count with your efforts to be ready for its full implementation after the summer.

On augmented reality (AR) technology

- For over five years, the Commission has **funded targeted research and innovation** in virtual reality (VR) and AR (collectively named extended reality - XR). This resulted in the development of useful applications in areas such as education, health and content creation.

- In parallel, the Commission is building the **VR-AR industrial coalition**, a platform for structured dialogue between the European VR/AR ecosystem and policymakers.

- Although technical limitations persist and hinder mass adoption, XR technologies are currently **gaining momentum** with the rising interest in virtual worlds or metaverses.

- For a few months, the Commission has been intensively working on a **non-legislative initiative on virtual worlds**. In this context, XR technologies are at the core of developing virtual worlds and ultimately Web 4.0.

- The initiative translates the Commission’s long-term vision: to turn the EU into the world’s most attractive place to engage with virtual worlds and Web 4.0 by **fostering opportunities for entrepreneurs and companies**.

- At the same time, virtual worlds must **reflect EU values and respect EU legislation**. They must be open and interoperable, allowing people and businesses to control and transfer their data, virtual assets and identities, while appropriate privacy and security measures are put in place.

On the consultation on the future of the connectivity sector and fair contribution

- On 19 May 2023, the Commission’s **exploratory consultation** on the future of the electronic communications sector and its infrastructure closed. We are currently reviewing the 437 contributions and 164 position papers received.
Meeting with [redacted] of Snap Inc.
Brussels, 26 June 2023

- The exploratory consultation sought to gather data on the technological and market developments including their impact on future networks and business models for electronic communications; consumers related aspects, barriers to the Single Market and the fair contribution by all players benefiting from the digital transformation.

- The issue of fair contribution is a very complex question that requires solid evidence base before any proposal is tabled.

- As a first next step, the Commission will publish a factual summary report, together with the public versions of the contributions very soon before the summer.

**On the Digital Markets Act (if needed)**

- The Digital Markets Act (DMA) started to apply on 2 May 2023. Companies meeting the quantitative turnover thresholds have until 3 July to notify their relevant turnover and user figures to the Commission. It is for companies to self-assess if they meet these thresholds or not. Designation decisions will have to be adopted by 6 September.

- Once designated, gatekeepers will have 6 months after designation, i.e. by 6 March 2024 the latest, to ensure compliance with the DMA obligations.

- We are currently focusing on the implementation of the DMA and are fully committed to guaranteeing vigorous enforcement.

- To this end, we have been actively engaging with potential gatekeepers and interested third parties.

- If now or in the future you are observing practices by (potential) gatekeepers which you think would be in breach of the DMA obligations, we remain at your disposal to address any such concerns.

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