Germany needs to commit billions to artificial intelligence: SPD

(Reuters) – Germany must commit billions of euros to back a planned strategy to develop artificial intelligence or risk falling further behind the United States and China, a senior government lawmaker said on Friday.

The warning by Lars Klingbeil, general secretary of the Social Democratic Party, comes less than two weeks before Chancellor Angela Merkel's squabbling coalition is due to sign off on the blueprint.

An initial draft released earlier this year fell short of expectations, Klingbeil wrote in a commentary for the Tagesspiegel newspaper: "We really need a breakout. We have to stop taking it easy."

Policy makers in Europe's largest economy have been late to realize that its industrial export model is vulnerable at a time of rapid digitalization and growing trade frictions.

Car makers such as Volkswagen (VOWG_p.DE) or Daimler are vulnerable to competition from asset-light companies, such as ride-hailing platform Uber, that use artificial intelligence – essentially computers that can be trained to solve problems – to crunch data and run digital services.

Germany, handicapped by an outdated research infrastructure and restrictive data protection laws, has yet to produce a world-beating startup that pioneers the use of AI, although 100 companies have formed a lobby group to contribute to the policy process.

Klingbeil, whose party is Merkel's junior partner in government, faulted Germany for taking its eye off the ball and getting caught up in the "hysteria" around a three-year-old immigration crisis while other countries were investing in AI research.

"We need a concrete investment strategy for AI that is backed by a sum in the billions," he wrote in an article due to be published in Tagesspiegel's Saturday edition.

Researchers at CB Insights estimate that total investments in AI startups trebled last year to $7.3 billion. China accounted for 48 percent of the total, the United States 38 percent and Europe just 14 percent.

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