Towards a Franco-British AI Partnership:
Regulation, Talent & Investment

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Message from
PINSENT MASONS

DIANE MULLENEX

Artificial Intelligence (AI) is no longer just a technology of the future—it is a force reshaping industries, economies, and societies. For businesses operating across the UK and France, the opportunities AI presents are vast, from driving productivity in critical sectors like energy, healthcare, and finance to enabling entirely new business models. However, alongside this potential, companies face pressing uncertainties: how best to navigate AI governance, where to invest, and how to ensure access to the talent and infrastructure that will determine success in an AI-driven world.

The UK and France, two of the most innovative economies in Europe, are approaching AI governance from different perspectives. While France, as a key player in the EU, is shaping an AI regulatory framework designed for stability and ethical oversight, the UK is advocating for a more flexible, pro-innovation approach. The recent AI Action Summit in Paris underscored these differing strategies, with the UK choosing not to sign the joint declaration—highlighting the global debate between structured AI governance and agile, market-driven policies.

Despite these differences, the UK and France are uniquely positioned to collaborate on AI in ways that will deliver real economic impact on both sides of the Channel. Both countries have leading AI research hubs, strong digital economies, and a shared ambition to shape the future of AI innovation. Yet, unlocking this potential requires more than ambition—it demands pragmatic solutions for investment, governance, and workforce mobility that enable businesses to scale AI technologies responsibly and competitively.

This discussion paper, developed with the French Chamber of Commerce, explores how a Franco-British AI partnership can accelerate AI adoption while balancing governance and growth. It outlines the key areas where collaboration can drive mutual benefit—from sustainable AI infrastructure and regulatory alignment to talent mobility and investment frameworks. Our aim is to offer a business-led perspective on how both governments can create the conditions for AI to thrive.

DIANE MULLENEX
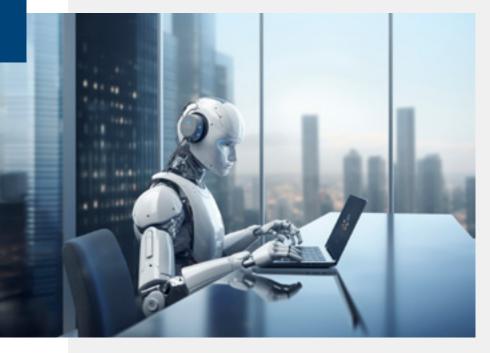*Global Head of Telecom, Gaming and Gambling Practices*

INTRODUCTION

Artificial Intelligence (AI) is transforming economies, industries, and global competitiveness at an unprecedented pace. As two of Europe's leading innovation hubs, the UK and France have a unique opportunity to collaborate on AI governance, investment, and talent development, ensuring that businesses can thrive in an era of rapid technological change. However, differences in regulatory approaches, investment conditions, and workforce mobility present challenges that must be addressed. This paper explores how Franco-British cooperation can drive AI innovation while balancing governance and economic growth, offering practical solutions for policymakers and business leaders alike.

The UK government's recently announced AI Opportunities Action Plan, together with the growth mandates given to regulators and planning reforms aimed at supporting new infrastructure like data centres, marks a pivotal step in positioning Britain as a global leader in artificial intelligence. With its three pillars focusing on infrastructure, boosting adoption, and driving economic impact, the plan acknowledges both the challenges and immense potential AI presents for the economy and society. In light of the recent AI Action Summit held in Paris on February 10-11, 2025, this is an opportune moment to reflect on how the Franco-British relationship can complement and accelerate AI adoption in both countries.

AI Opportunities and Challenges in the UK Plan

The first pillar of the UK plan, "Laying the Foundations," emphasizes the importance of infrastructure. The introduction of AI growth zones, starting with Oxfordshire and expanding to de-industrialized areas with access to power, is a welcome measure. Fast-tracking planning arrangements for data centres is critical given their foundational role in AI development. The government's U-turn on building a public supercomputer also signals a recognition of the need for robust computing infrastructure to support cutting-edge AI capabilities.

The second pillar, "Boosting Adoption Across Sectors," aims to integrate AI into public and private sectors, promising efficiency gains in areas such as government operations and infrastructure maintenance. However, concerns remain regarding the distribution of benefits and the safe deployment of AI technologies. Ensuring that public trust in AI is maintained will be paramount as adoption accelerates.

The third pillar addresses AI's broader economic impact, emphasizing the transformative potential of AI to either create significant job losses or drive substantial GDP growth. The dual nature of this potential underscores the importance of effective implementation, clear governance, and the equitable sharing of any productivity gains.

The Labour government has also so introduced a new AI cybersecurity code of practice, highlighting their commitment to a sectoral-based approach to AI regulation. They have also pledged to introduce statutory guardrails on the most powerful AI systems, which signals to both the market and trade partners a major shift in policy. ∎

Insights from the Paris AI Action Summit

The AI Action Summit in Paris brought together over 1,000 participants from more than 100 countries, including government leaders, international organisations, academia, the private sector, and civil society. The summit addressed the ethical, social, and economic implications of AI, aiming to ensure its benefits reach all of humanity.

The Summit culminated in a joint declaration titled "Statement on Inclusive and Sustainable Artificial Intelligence for People and the Planet," signed by 58 countries, including France, China, and India. While the UK declined to sign the declaration, its decision was based on concerns that the statement lacked sufficient practical clarity on global AI governance and did not adequately address critical issues such as national security risks posed by AI, a sentiment shared by non-governmental organisations and civil society. However, the UK broadly agreed with many of the declaration's principles and reaffirmed its commitment to working closely with international partners. This was reflected in its decision to sign agreements on AI sustainability and cybersecurity at the Paris Summit, signalling its continued engagement in shaping global AI standards.
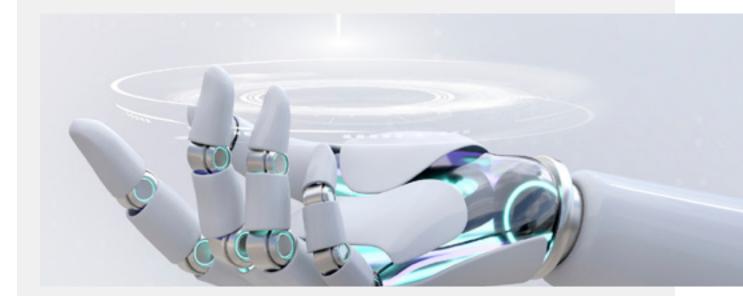
The AI Action Summit in Paris underscored the growing divergence in global AI governance. While France and the EU champion a rules-based regulatory model through the forthcoming AI Act, the UK and US opted against signing the joint declaration, citing concerns over national security and the potential for excessive regulatory burdens to stifle innovation.

These differences create uncertainty for businesses, particularly AI scale-ups and investors assessing where to allocate capital. Without clear guardrails for AI governance, investment flows may be impacted, with companies seeking more predictable regulatory environments. ∎

A Franco-British Perspective to AI Acceleration

The UK's AI Opportunities Plan and the outcomes of the AI Action Summit highlight the different approaches taken by the UK and France towards AI regulation and adoption. While the UK prioritises a flexible, pro-innovation framework, France—within the broader EU context—has emphasised structured governance and regulatory oversight. These differences, however, need not be barriers to deeper cooperation. Instead, they present an opportunity to create a complementary, business-driven AI strategy, leveraging the UK's agile approach and France's regulatory leadership to shape an AI ecosystem that balances innovation with responsible governance. By aligning on key areas such as investment, talent mobility, and AI infrastructure, the UK and France can strengthen their competitive advantage and set a global benchmark for AI leadership.

1. Energy Innovation: Powering AI Sustainably

Data centres, the backbone of AI, are energy-intensive, posing sustainability challenges. The UK's focus on growth zones in de-industrialized areas with access to power opens the door for integrating clean energy solutions with AI deployment. France's expertise in nuclear energy, particularly Small Modular Reactors (SMRs), offers a strategic opportunity.

SMRs are uniquely suited to address the energy needs of AI infrastructure for several reasons. They provide a consistent and reliable power supply, unlike intermittent renewable energy sources. Their modular design allows for scalability, making them adaptable to varying energy demands. Furthermore, SMRs produce

low-carbon energy, aligning with climate goals and addressing the environmental impact of AI's energy consumption. By deploying SMRs in AI growth zones, the UK and France could set a global standard for sustainable AI infrastructure.

The Franco-British partnership could spearhead **joint pilot projects to deploy SMRs as a reliable, low-carbon power source for AI data centres.** This would not only address the energy needs of AI infrastructure but also advance both countries' climate commitments.

2. Harmonizing AI Governance

As the UK and France accelerate AI adoption, ensuring ethical governance will be crucial to maintain public trust. Jointly developing frameworks for AI safety, accountability, and equity could set a global benchmark for responsible AI deployment.

The EU's proposed AI Act provides a comprehensive framework for AI governance, but it has faced criticism for being overly cautious and potentially stifling innovation. In the absence of any case law under this new law, the European Commission's new guidance on the definition of AI systems is instructive for businesses. While it emphasises that the understanding of what constitutes an AI system must be broad, not narrow, it breaks down and elaborates on the various criteria relevant to the way an AI system is defined in the AI Act. Whilst the guidelines, along with another guidance on prohibited AI practices, are only in draft form, substantial changes are not to be expected in the formal adoption process. While France, as an EU member, contributes to the AI Act's development, both France and the UK share concerns about the need to balance regulation with fostering innovation.

The AI Action Summit highlighted these differing approaches, with the UK and US cautioning against excessive regulation that could hinder AI development and innovation, while the EU emphasised the importance of public confidence in AI through appropriate regulatory measures.

Although the UK opted not to sign the AI Action Summit's joint declaration, it has expressed a strong willingness to continue collaborating on AI governance. The UK's preference for working through bilateral agreements creates an opportunity for deeper collaboration with France. Given their shared AI ambitions and challenges, both countries are well-positioned to develop pragmatic regulatory solutions that balance AI oversight with innovation.

A joint AI governance working group could serve as a platform for policy alignment, addressing key areas such as public trust in AI, national safety concerns, and innovation. With France's important role in shaping EU AI regulations and the UK's desire to develop an agile, innovation-friendly framework, a Franco-British initiative on AI governance could further serve as a bridge between the EU and more flexible regulatory models.

3. Addressing the Franco-British AI Investment Gap

AI businesses across the UK and France report concerns about investment conditions and regulatory clarity. In France, recent fiscal changes affecting management packages risk disincentivising venture capital and private equity investment in AI scale-ups. Meanwhile, the UK has taken a lighter-touch approach to AI regulation, opting for an agile framework rather than a comprehensive AI law akin to the EU's. However, investors remain cautious about long-term regulatory uncertainty, particularly around AI safety, data use, and government intervention.

To address this, the UK and France could consider a joint **AI Investment & Governance Taskforce**, comprising policymakers and industry leaders. This body would provide investment roadmaps, establish AI safety benchmarks that do not overly constrain innovation, and explore AI-specific financial incentives to de-risk investment in both markets.

4 Workforce Development and Talent Mobility

AI's success depends on a skilled workforce. The UK and France should prioritize joint initiatives to develop and attract AI talent. Given the UK's decision to rule out an EU-wide youth mobility scheme and France's preference for broader EU arrangements, a sector-specific approach could unlock mutual benefits.

A **bilateral agreement for AI talent** between the UK and France could streamline visa processes and work permits, enabling AI professionals and researchers to collaborate seamlessly across borders. This agreement could also encourage industry partnerships, facilitating temporary employee exchanges to work on joint projects. Such exchanges would not only enhance skills transfer but also foster the sharing of best practices and drive innovation within the AI sector.

Additionally, academic collaboration could be strengthened through joint AI research initiatives, supported by coordinated funding mechanisms and shared access to advanced facilities. These measures would not only advance innovation but also deepen the academic ties between the two nations, creating a robust foundation for future AI advancements. ∎

CONCLUSION: A BUSINESS-LED AI AGENDA

The rapid advancement of AI presents an unprecedented opportunity for businesses and policymakers in the UK and France. As two of Europe's most dynamic economies, both nations have the expertise, infrastructure, and innovation capacity to shape AI's future—not just for their own markets, but as global leaders in responsible and sustainable AI development.

However, seizing this opportunity requires more than shared ambition—it demands coordinated action. The UK's pro-innovation approach and France's regulatory leadership within the EU should not be seen as opposing forces but as complementary strengths. By working together, the UK and France can establish a collaborative AI framework that balances oversight with flexibility, enabling businesses to thrive while maintaining public trust.

To turn this vision into reality, businesses and policymakers must move forward with concrete, business-driven initiatives:

1 Launch a UK-France AI Investment & Governance Taskforce

- Establish a joint public-private taskforce to align regulatory strategies, address AI investment barriers, and develop governance models that foster innovation while maintaining ethical safeguards.

- Ensure business leaders have a direct role in shaping AI governance and cross border AI policies.

2 Develop an AI Talent Mobility Framework

- Introduce a Franco-British AI Talent Agreement, streamlining visa and work permit processes to support AI research and workforce exchange.

- Leverage existing research and academic partnerships to enhance cross-border knowledge transfer.

3 Pilot Sustainable AI Infrastructure Projects

- Commit to joint AI-energy initiatives, including the deployment of Small Modular Reactors (SMRs) and clean energy solutions for data centres, setting a global benchmark for sustainable AI development.

4 Strengthen AI-Industry Collaboration

- Establish structured AI adoption pathways for businesses in high-impact sectors (healthcare, financial services, defence, and manufacturing), with clear government-backed incentives.

- Promote greater UK-France business engagement through AI-focused industry forums, bridging the gap between policymakers, investors, and technology leaders.

Business leaders and policymakers now have a critical window of opportunity to shape the future of AI through strategic Franco-British collaboration. By taking decisive steps in investment, governance, and talent development, the UK and France can cement their leadership in AI innovation—not just as national players, but as global standard-setters. ∎

NEXT STEPS

To get involved and work with the advocacy team at the French Chamber of Commerce, contact David Lutton, External Affairs Director, at dlutton@ccfgb.co.uk

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