

Regulating artificial intelligence:

The EU AI Act Delay and What It Means for Georgia

On 2 August 2026, the strictest part of the European Union's Artificial Intelligence Act (AI Act) was due to take effect: the rules for systems that help decide who gets a job, a loan or a place in education. Six days before that date, an amendment entered into force that pushed this deadline back to December 2027. This report briefly describes what the Act regulates and answers three questions: what was delayed and what still applies; why the EU took this decision; and what it means for Georgian companies that work with European clients.

01 What the EU Artificial Intelligence Act Regulates

The EU Artificial Intelligence Act (Regulation 2024/1689) is the world's first comprehensive law on artificial intelligence. It was adopted in 2024 and entered into force on 1 August 2024. The Act does not regulate the technology itself but the way it is used: the greater the risk an AI system poses to people's health, safety and fundamental rights, the stricter the requirements. Obligations fall both on providers, the companies that build a system and place it on the market, and on deployers, the organisations that use a system in their own work.

The Act sets out four levels of risk. The first level covers eight practices that carry an unacceptable risk and are banned outright: covert manipulation of people's behaviour; exploiting their vulnerabilities (age, disability or social situation); social scoring; predicting the risk of a crime based only on profiling; mass scraping of facial images from the internet for facial recognition databases; emotion recognition at work and in schools; using biometric data to infer a person's race, political opinions or sexual orientation; and real-time biometric identification by police in public spaces, which is allowed only under narrow exceptions.

The second level covers high-risk systems, which may be used only if strict requirements are met. These are systems in eight areas: biometrics, critical infrastructure, education, employment, access to essential services (including credit and insurance), law enforcement, migration and border control, and justice and democratic processes. AI built into medical devices, toys, machinery and other regulated products is also high-risk. Before placing such a system on the market, its provider must ensure risk management, data quality, technical documentation, record-keeping, human oversight, accuracy and cybersecurity, pass a conformity assessment and register the system in an EU database. The third level covers limited-risk systems, such as chatbots and systems that create deepfakes, which only have transparency obligations. The fourth level covers minimal-risk systems, such as spam filters and video games, on which the Act places no additional obligations.

The Act sets separate rules for general-purpose AI models, the large models behind services such as ChatGPT or Gemini. Their providers must prepare technical documentation, respect copyright and publish a short summary of the data used to train the model. Providers of models with systemic risk also have obligations to assess risks, report serious incidents and ensure cybersecurity. Compliance is supervised by the European Commission's AI Office and by national authorities in the member states. Fines reach up to €35 million or 7 percent of a company's worldwide turnover for prohibited practices, and up to €15 million or 3 percent of turnover for breaches of other obligations.

02 What Was Delayed and What Still Applies Under the EU AI Act

The Act's obligations take effect in stages. In November 2025, the European Commission proposed a package of amendments called the "Digital Omnibus on AI". The Council of the EU and the European Parliament reached agreement on 7 May 2026. Parliament approved the changes on 16 June (423 votes in favour, 57 against and 174 abstentions), and the Council on 29 June. Regulation 2026/1744 entered into force on 27 July 2026.

The main result is two new dates. For stand-alone high-risk systems (employment, credit, education and others), the rules will apply from 2 December 2027 instead of 2 August 2026. For high-risk systems built into products such as medical devices and toys, the start date moved from 2 August 2027 to 2 August 2028. Under the Commission's

original proposal, the new deadline was to depend on whether standards were ready, but the Council and Parliament preferred fixed dates.

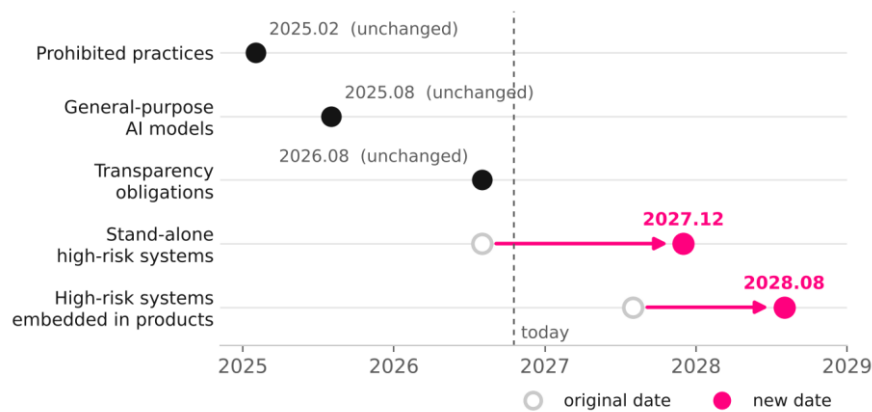


Figure 1. Application dates of AI Act obligations before and after the amendment. Source: AI Act, Article 113; Council of the EU.

The delay is partial. The bans that have applied since February 2025 remain in force. The rules for general-purpose AI models, the models behind services such as ChatGPT or Gemini, have applied since August 2025, and since 2 August 2026 the Commission can fine the providers of these models. The transparency obligations also took effect on that day: people must know when they are talking to a chatbot, and deepfakes must be labelled as artificially generated content. Only generative systems placed on the market before August 2026 received extra time, until 2 December 2026, for the technical marking of their content.

The amendment softened some rules and added others. The obligation on AI literacy, meaning the knowledge and skills needed to use artificial intelligence with understanding, was weakened: companies must now “support” their staff’s AI literacy rather than “ensure” a sufficient level of it. Relief for small and medium-sized enterprises was extended to companies slightly larger than medium-sized ones, which the Commission estimates covers about 8,250 additional companies. At the same time, from 2 December 2026 AI systems that create intimate images of real people without their consent or produce child sexual abuse material will be banned. The level of fines did not change.

03 Why the EU Delayed the Rules for High-Risk Systems

The main officially stated reason is the delay in preparing technical standards. The Act sets out the requirements for high-risk systems in general terms, while harmonised European standards are supposed to define how companies meet them in practice. The standards were originally due by April 2025, but that deadline was missed. In October 2025, the European standardisation organisations CEN and CENELEC announced an “exceptional and temporary” fast-track procedure and set the goal of having the standards ready by the end of 2026. According to an industry review, by September 2026 only one standard, EN 18286 on quality management systems, had been published, while the drafts on risk management and cybersecurity failed to win the support of most national standards bodies. The Commission also points to delays in designating national supervisory authorities.

The second reason is the goal of strengthening Europe’s competitiveness. The Council links the decision to the reports by Enrico Letta and Mario Draghi. In September 2025, Draghi publicly called for the high-risk stage to be paused “until we better understand the drawbacks”. The Commission estimates that, as a result of the changes, companies will spend €297–433 million less on compliance.

The third factor is pressure from business. In July 2025, the heads of more than 40 large European companies, including Airbus, ASML, Mercedes-Benz and Mistral, wrote to the Commission asking for a two-year pause of the Act.

In November 2025, the Financial Times and Reuters reported that the EU had also consulted Washington on the issue, but the Commission denied US influence: “the U.S. will not decide on our simplification agenda”.

04 What Supporters and Critics of the Delay Say

Supporters' main argument is practical: if standards, conformity assessment bodies and national supervisors are not ready, companies do not know exactly what they have to do, and keeping strictly to the old deadline would have increased uncertainty.

Critics, including the European consumer organisation BEUC and the digital rights network EDRI, stress three points. First, the changes were prepared without a full impact assessment, so the Commission's estimate of lower compliance costs is also disputed. Second, revisiting an Act that was already adopted may lead businesses to expect that the rules will be postponed again. Third, according to BEUC, removing machinery from the scope of the Act creates “dangerous loopholes”.

A middle position is expressed by the European Parliament's rapporteur, Michael McNamara: in his words, “a delay is acceptable”, but “urgency cannot replace evidence, transparency, or accountability”. The final compromise, with fixed dates, new bans and several obligations kept in place, reflects exactly this middle approach.

05 How the European Rules Affect Georgian Companies

The AI Act also applies outside the EU. Under Article 2, it covers providers that place AI systems on the EU market “irrespective of whether those providers are established or located within the Union or in a third country”, as well as providers and deployers in third countries “where the output produced by the AI system is used in the Union”. This means that a Georgian company that builds, for example, a credit scoring model for a German bank or a candidate screening system for a European company may fall within the scope of the Act. According to advice from law firms, European clients in such cases pass part of their obligations on to their suppliers through contracts. The exact obligations depend on who counts as the provider of the system and who as the deployer, and this has to be assessed case by case.

According to Investor.ge, Georgia's IT services exports reached \$1.15 billion in 2025, 67 percent more than the year before. Exports were \$784 million in 2023 and \$688 million in 2024. About 54,500 people work in the sector, and a significant part of the growth is linked to foreign companies relocating to Georgia after 2022.

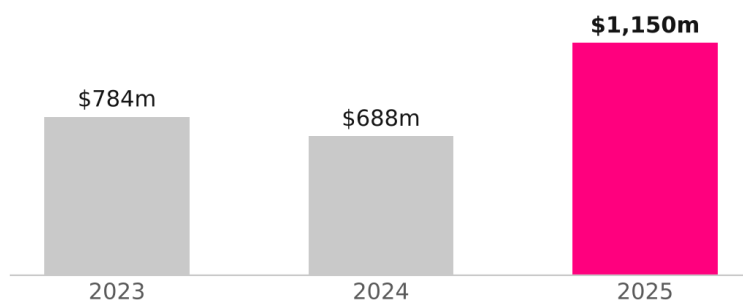


Figure 2. Georgia's IT services exports, million US dollars. Source: Investor.ge, June 2026.

The largest market for IT exports is the United States, which accounts for about 26 percent of exports. It is followed by the United Kingdom and Malta, while Germany's share is about 8 percent. The EU's total share is not given in the sources used for this report. The AI Act does not apply directly to clients in the US and the UK unless the system's output is used in the EU. The EU is therefore an important market for Georgian IT exports, although its exact share is not visible from the sources used, and the number of companies that build AI systems for European clients has not been counted.

Georgia has no law of its own on artificial intelligence. According to a UNESCO assessment from June 2026, the country has no national AI strategy, no AI-specific legislation and no official institution responsible for AI governance, and its readiness is at a “foundational stage”. UNESCO proposes a phased roadmap, in whose final stage the EU Act could serve as a reference point. In September 2024, Georgia signed the Council of Europe Framework Convention on Artificial Intelligence, but we found no information on its ratification. Nor did we find a government statement on plans to align with the EU AI Act.

Other countries in the region are choosing a different path. Moldova uses the EU Act as a reference for its own legislation and is preparing an AI programme for 2026–2030, while Ukraine plans to align its legislation with European rules by 2030. For these countries, this is part of the accession process. In Georgia's case, according to the Council of the EU's conclusions of December 2025, the EU accession process has effectively come to a standstill, although the Association Agreement and the Deep and Comprehensive Free Trade Area have remained in force since 2016. For Georgia, compliance with the AI Act is therefore not a state obligation at present but a market requirement that directly concerns companies.

06 Conclusions

First, the delay is partial: the rules for high-risk systems were postponed by 16 months, but the bans, the rules for general-purpose models and the transparency obligations already apply.

Second, the official reason for the delay is technical: standards and supervisory bodies are not ready. At the same time, the decision was helped along by the goal of strengthening Europe's competitiveness and by business lobbying, while the claim of US influence remains unproven.

Third, being fully prepared for the new deadline remains a challenge. About 14 months are left until December 2027, and most standards have not yet been agreed. Companies may therefore have to comply with the rules without standards.

Fourth, the Act matters in practice for Georgian companies: it may apply to their own activities and be reflected in the contractual requirements of European clients, especially if they build systems for employment, credit and education. In the absence of a national AI strategy and a dedicated law, companies have to adapt to the new requirements on their own.

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