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In this guide, a global panel of legal experts analyse the key trends and developments in the fast-evolving world of artificial intelligence. Through a series of engaging interviews, they discuss the most important legislative, regulatory and policy initiatives affecting AI developers and look at what the future may hold in this exciting field.

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Portugal

[Iakovina Kindylidi](#), [Magda Cocco](#)

[VdA](#)

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Profiles

ABOUT

Magda Cocco joined VdA in 1994. Magda is the head of the information, communication and technology practice, the digital frontiers practice and the aerospace sector. She has extensive expertise in innovative technological projects across Europe and Africa, particularly in electronic communications. Magda is highly experienced in advising on data protection and cybersecurity, having led numerous GDPR compliance programmes and assisted public and private entities in navigating cybersecurity threats. She has led multidisciplinary teams in ICT projects, advised governments and regulatory bodies on policy development, and collaborated with global organisations such as the International Telecommunications Union, the World Bank and the European Investment Bank. Her work spans a variety of digital economy issues, including AI, blockchain, robotics and IoT. She is leading internally the VdA legal products in the context of the Center for Responsible AI consortium, while she participated in the Bridge AI project. Magda represents VdA at the International Astronautical Federation and works with The Alliance for Affordable Internet. She is an Officer at the International Bar Association (IBA) Communications Law Committee and she co-coordinated the world-class project of the IBA Metaverse Regulation Guide. She is a member of the European Union's Digital for Development (D4D) Hub Private Sector Advisory Group, a member of the World Economic Forum's Metaverse Governance working group and the AI Global Alliance – Resilient Governance and Regulation working group. She participated as an independent expert in the drafting of the European General Purpose AI Model Providers Code of Practice. She participates in several Space sector-related forums, namely the United Nations Office for Outer Space Affairs (UNOOSA).

Iakovina Kindylidi joined VdA in 2019. She specialises in data, cybersecurity, platforms and intellectual property. Her expertise includes AI, Web3, smart contracts and NFTs. She regularly provides strategic advice for developing and deploying innovative solutions and governance models. Iakovina is a member of the VdA innovation team and WhatNext.Law, and she is one of the product owners for a VdA deliverable in the Center for Responsible AI. She is actively involved in key EU and international AI initiatives, including as an independent expert in the drafting of the European General Purpose AI Model Providers Code of Practice, Bridge AI, and CAIDP AI Policy Group. Additionally, she is a guest lecturer at NOVA School of Law, where she teaches law and technology, and is pursuing her PhD in AI Governance. Iakovina is the only IEEE-certified Lead Assessor in Portugal for ethics profiling and assessment based on the IEEE CertifAIEd Criteria and Certification Scheme.

Q&A

WHAT IS THE CURRENT STATE OF THE LAW AND REGULATION GOVERNING AI IN YOUR JURISDICTION? HOW WOULD YOU COMPARE THE LEVEL OF REGULATION WITH THAT IN OTHER JURISDICTIONS?

For clarity, any reference to AI in this chapter refers solely to AI systems as defined in Regulation 2024/1689 (AI Act (AIA)), with the terms 'AI' and 'AI system' used interchangeably.

As a European Union member state, Portugal is directly affected by EU regulatory and policy initiatives, and its laws closely align with those of other EU member states. Therefore, the AIA – the world’s first comprehensive regulation on AI – applies directly in Portugal. Given the different stages of the AIA’s implementation, Portugal should have adopted an implementing act by 2 August 2025, identifying a national notified authority, at least one market surveillance authority, and establishing rules related to penalties, including administrative fines. However, Portugal has not yet designated its national AI authority. In the meantime, the Portuguese government has designated 14 public authorities, coordinated by ANACOM, the regulatory authority for postal communications and electronic communications, to ensure compliance and protect fundamental rights under the AI Act.

In addition to the AIA, Portugal’s legal landscape includes both horizontal and sector-specific regulations at national and EU levels that apply to AI systems. This includes existing European and national consumer protection legislation; the privacy and data protection framework – particularly the General Data Protection Regulation (GDPR) – which plays a key role in regulating automated decision-making involving AI systems; intellectual property and cybersecurity laws; as well as sector-specific laws depending on the type of AI system and the sector in which it operates.

Furthermore, in the context of AI liability, considering that the AIA does not regulate liability due to damages caused by non-compliance with the rules stipulated therein the recently revised directive on liability for defective products (Directive (EU) 2024/2853 of the European Parliament and of the Council on liability for defective products (PLD II)) is poised to bring substantial changes to national liability and consumer protection rules. The Portuguese legislator will transpose the directive into national law by 9 December 2026. Moreover, the Commission’s 2025 work program notes the decision to abandon the Proposal for an AI Liability Directive (Proposal for a Directive of the European Parliament and of the Council on adapting non-contractual civil liability rules to artificial intelligence) due to the lack of a ‘foreseeable agreement’ for the time being and until a further assessment by the Commission. Therefore, no further national developments are expected in this area beyond the forthcoming transposition of the PLD II.

In light of the above, Portugal’s commitment to promoting AI policies and strategies in line with international standards and in comparison with other jurisdictions is also illustrated in Portugal’s ranking as a Tier II with a score of 9.50, together with other member states, in the Artificial Intelligence and Democratic Values 2025 [Index](#) of the Center for AI and Digital Policy.

HAS THE GOVERNMENT RELEASED A NATIONAL STRATEGY ON AI? ARE THERE ANY NATIONAL EFFORTS TO CREATE DATA SHARING ARRANGEMENTS?

Similar to other European member states (eg, Germany, France, Spain, etc), in 2019, the Portuguese government published *AI Portugal 2030*. This strategy is part of Portugal’s Digital Strategy 2030 and aims to position the country as a leader in the development and adoption of AI technologies by fostering innovation and investment within the AI ecosystem. This vision is operationalised through a comprehensive Action Plan encompassing seven strategic lines of action as follows:

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Specific areas of specialisation in Portugal with international impact: Identification and development of specific AI-related areas in Portugal to make a global impact.

- Thematic areas for research and innovation in European and International Networks: Collaborative engagement in research and innovation initiatives within European and international networks, aligning Portugal with global advancements in AI.
- Public administration and its modernisation: Implementation of AI in public administration processes, contributing to modernisation efforts.
- Inclusion and education: Dissemination of generalist knowledge on AI to ensure a broad understanding of the technology.
- Qualification and specialisation: Focused efforts on enhancing skills and expertise in AI, emphasising the importance of specialist knowledge.
- New developments and supporting areas in European and International networks: Proactive involvement in emerging developments and supportive roles within AI networks at the European and international levels.
- Facing societal challenges brought by AI: ethics and safety: Addressing ethical and safety considerations associated with AI, acknowledging and navigating societal challenges.

These objectives closely mirror the principles outlined in the EU Declaration of Cooperation on Artificial Intelligence in 2018, to which Portugal is a signatory. Additionally, the strategy aligns with the principles set forth by the Organization for Economic Cooperation and Development (OECD) on AI, reflecting Portugal's commitment to international standards and collaboration in the responsible development and deployment of artificial intelligence.

In 2023, the revision of the national AI strategy as well as the design of the national Data and Web 3.0 strategies began. INCoDe.2030 – the joint initiative of the essential governmental areas – is responsible for aligning the different strategies, with a focus on people, public and private organisations and the third sector, and ensuring the involvement of all players.

Moreover, the recently published Programme of the XXV Government places AI at the centre of the national digital transformation agenda. It foresees the implementation of the National AI Strategy to enhance productivity and efficiency in public administration and the economy, while promoting the ethical, responsible, and inclusive adoption of AI. Key priorities include developing AI skills, fostering business innovation, creating regulatory sandboxes, and applying AI to modernise public services, justice, health, and cybersecurity – positioning Portugal as a leader in digital governance within the EU.

Additionally, in pursuit of fostering innovation within emerging technologies and aligning with the objectives outlined in the Portuguese government's Action Plan for Digital Transition, notable legislative steps have been taken. The Portuguese government, through Resolution 29/2020 of the Council of Ministers, has established fundamental principles guiding the formulation of a legislative framework for Technological Free Zones (ZLTs). Complementing this, Decree-Law 67/2021 has been enacted to provide the legal structure for the establishment of ZLTs.

ZLTs, conceived as tangible geographical areas, function as regulatory sandboxes designed to encourage and streamline activities such as research, development, and testing of innovative technologies, products and services, encompassing AI across diverse industries.

The integration of some ZLTs into the mandatory regulatory sandboxes under the AIA is possible. As the implementation of the AIA and the meetings of the EU AI Board continue, further developments are expected by the end of 2025 and early 2026.

In addition to its national AI strategy, Portugal is advancing efforts to facilitate data sharing. The EU Data Strategy, which directly impacts Portugal, includes the Data Governance Act, the Data Act, and EU Common Data Spaces. These initiatives align with the overarching goal of promoting the availability of high-quality data for AI development within the EU. The regulatory measures – key pillars of the EU Data Strategy – aim to balance the need for high-quality data for AI with the protection of privacy and proprietary information.

Following the approval of the Regulation to establish a European Health Data Space (EHDS) (Regulation (EU) 2025/327 on the European Health data Spaces), the Portuguese Shared Services of the Ministry of Health (SPMS) is coordinating the HealthData@PT initiative. This represents a significant milestone in the implementation of the EHDS in Portugal and in building the national infrastructure, network, and foundational elements necessary for secure access and use of health data for research, medical innovation and health policymaking. This initiative is expected to have a direct positive impact on AI development in Portugal's healthcare sector.

WHAT IS THE GOVERNMENT POLICY AND STRATEGY FOR MANAGING THE ETHICAL AND HUMAN RIGHTS ISSUES RAISED BY THE DEPLOYMENT OF AI?

The Portuguese government is actively addressing the ethical and human rights challenges associated with the deployment of AI systems, including concerns about algorithmic bias. Its approach to managing these issues is comprehensive and multifaceted, drawing from both EU and international guidelines, while developing national strategies that promote the responsible use of AI.

As previously mentioned, Portugal's national strategy for AI, AI Portugal 2030, covers various aspects aimed at fostering the ethical and human-centric development of AI technologies. This strategy aligns with international frameworks such as the OECD AI Principles and [UNESCO's Recommendation on the Ethics of AI](#). It also incorporates the Ethical Guidelines and the Assessment List for Trustworthy AI (ALTAI) developed by the High-Level Expert Group on Artificial Intelligence (AI HLEG, [Assessment List for Trustworthy Artificial Intelligence \(ALTAI\) for self-assessment | Shaping Europe's digital future \(europa.eu\)](#)).

Moreover, in 2021, the Portuguese government enacted the Portuguese Declaration of Human Rights in the Digital Area (Law 27/2021, as amended), which establishes that the use of AI systems must:

- respect fundamental rights;
- maintain a careful balance between the principles of explicability, security, transparency, and accountability; and

- avoid discriminatory practices.

Additionally, the Law requires that any decision with a significant impact on the user must be communicated and subject to audit. Importantly, it emphasises that the development of robots must adhere to the principles of beneficence, non-maleficence, respect for human autonomy, justice, and the values outlined in article 2 of the Treaty on European Union, including non-discrimination and tolerance. This legislation highlights the importance of ethical and equitable AI deployment, encompassing a wide range of principles and responsibilities.

Finally, in 2022, the Agency for Administrative Modernisation (AMA) released its comprehensive Guide to Ethical, Transparent, and Responsible Artificial Intelligence in the Public Administration (available only in [Portuguese](#)). The guide was updated in June 2025. This guide serves as an informative resource, setting out ethical, transparent, and human-centric principles for the development and use of AI. The guide aligns with the EU AIA, emphasising risk assessment, data protection, transparency, and inclusivity, providing some practical tools and recommendations for trustworthy AI.

WHAT IS THE GOVERNMENT POLICY AND STRATEGY FOR MANAGING THE NATIONAL SECURITY AND TRADE IMPLICATIONS OF AI? ARE THERE ANY TRADE RESTRICTIONS THAT MAY APPLY TO AI-BASED PRODUCTS?

National security provisions, although not explicitly referring to AI systems, are still applicable to them. From a cybersecurity perspective, the national Cybersecurity Framework is based on Law 46/2018, which introduces security requirements and incident notification obligations for various entities, such as operators of essential services. This framework also includes the Cybersecurity Act, Decree Law 65/2021, which sets out the cybersecurity framework, and Commission Implementing Regulation (EU) 2018/151. The National Cyber Security Centre (CNCS) is the authority responsible for cybersecurity matters in Portugal.

Additionally, if an AI system is deployed in critical infrastructure, further obligations from the NIS 2 Directive (Directive (EU) 2022/2555) would also apply. NIS 2 should have been transposed into national law by 17 October 2024. However, due to political delays, the proposal for a transposition is, at the time of writing, awaiting formal approval and publication. Moreover, in the financial sector, the DORA Regulation (Regulation (EU) 2022/2554), applicable since 17 January 2025, adds complexity by introducing a series of ICT risk management requirements, including those that impact AI systems used in the sector.

Portugal aims to balance AI innovation with adherence to international trade standards and regulations by fostering a supportive environment for AI-based products while ensuring compliance with trade laws. While promoting trade, Portugal observes specific trade restrictions, particularly those concerning dual-use goods and technologies.

According to EU regulations, AI technologies that can serve both civilian and military purposes (dual-use) are subject to export controls designed to prevent their misuse in activities like weapons development or other malicious applications. For instance, Council Regulation (EC) No 428/2009 outlines controls on the export, transfer, brokering and transit of dual-use items, which include certain AI technologies. Portugal complies with these

regulations to ensure that exports do not jeopardise national or international security. Exporters of AI-based products classified as dual-use may be required to obtain specific licences from the relevant authorities before exporting these products outside the EU, with the licensing process ensuring close monitoring and control of such exports.

Portugal also collaborates with international bodies and follows global best practices to manage the trade and security implications of AI. By working with EU institutions, it harmonises AI policies across member states, facilitating intra-EU trade while ensuring compliance with shared security standards.

HOW ARE AI-RELATED DATA PROTECTION AND PRIVACY ISSUES BEING ADDRESSED? HOW WILL THESE ISSUES AFFECT DATA FLOWS AND DATA SHARING ARRANGEMENTS?

AI presents distinct challenges in terms of data protection and privacy, particularly in defining a robust data strategy. This involves clearly identifying personal and non-personal data used throughout the AI life cycle, ensuring data quality for mining purposes, specifying its sources and processing objectives, and managing data protection relationships with stakeholders.

As mentioned above, the AIA is directly applicable to Portugal. Therefore, its data governance provisions will take effect in stages, depending on the risk classification of the AI system and the stakeholders involved.

In addition to the AIA, existing EU and national data protection frameworks address AI-related data protection and privacy issues. Besides the General Data Protection Regulation (GDPR), Portugal's national GDPR Implementing Act (Law 58/2019) clarifies specific national provisions, such as the age of consent for data processing and the role of the national data protection authority. The ePrivacy Law (Law 41/2004, as amended) also regulates electronic communications, aligned with the EU's ePrivacy Directive.

The Portuguese Data Protection Authority (CNPD) has been particularly active in areas such as international data transfers, marketing communications and data subjects' rights, recently expanding its focus to include AI in biometrics. Over the years, the CNPD has issued guidelines and best practices, some of which mention AI in line with European Data Protection Board recommendations.

Moreover, several upcoming EU regulatory measures are expected to have a direct impact on Portugal's AI market:

- The Data Governance Act (effective since September 2023): This act facilitates data sharing and governance across the EU and is expected to influence Portugal's AI sector.
- The Data Act (effective from 12 September 2025): This significant legislation contributes to the EU Data Strategy by promoting data accessibility and empowering stakeholders with greater control over their data. It supports data-driven innovation, particularly in AI, where large datasets are crucial for effective algorithm training.
- Common European Data Spaces initiatives: These include the Regulation on European Health Data Space and the forthcoming European Financial Data Spaces. These initiatives aim to ensure the availability of high-quality data to support AI innovation, validation and verification within the EU. As mentioned above, the

recently approved regulation on European Health Data Space is already sharing the initiatives of the Portuguese government in relation to the data sharing of health-related data.

HOW ARE GOVERNMENT AUTHORITIES ENFORCING AND MONITORING COMPLIANCE WITH AI LEGISLATION, REGULATIONS AND PRACTICE GUIDANCE? WHICH ENTITIES ARE ISSUING AND ENFORCING REGULATIONS, STRATEGIES AND FRAMEWORKS WITH RESPECT TO AI?

Considering the phased implementation of the AIA, an implementing act should have been adopted by 2 August 2025 to designate the national notified authority, at least one market surveillance authority, and to specify rules related to penalties, including administrative fines. However, Portugal has not yet designated its national AI authority. To date, there is no public enforcement mechanism specifically related to the AIA.

Nonetheless, while the national notified authority and market surveillance authority under the AIA have yet to be designated, various national bodies are expected to oversee AI-related matters within their areas of expertise:

- CNPD: Responsible for ensuring AI systems comply with data protection regulations.
- CNCS: Oversees cybersecurity compliance related to AI.
- Sector-specific market surveillance authorities: For high-risk AI systems, the relevant sector's market surveillance authorities will also be responsible for ensuring compliance with sector-specific AI applications. For example, the AIA expressly states that for AI systems used in financial services, the authority responsible for supervising EU financial services laws will also monitor compliance with the AIA. In Portugal, this role likely falls to the Bank of Portugal and the Insurance and Pension Funds Supervisory Authority (ASF). However, it remains unclear if the Portuguese Securities Market Commission (CMVM) will also be designated, depending on the entities and services involved. Similarly, though not explicitly mentioned in the AIA, the National Authority of Medicines and Health Products (INFARMED) and the Ethics Committee for Clinical Research (CEIC) are expected to contribute to monitoring AI systems in the healthcare sector.

In terms of innovation and AI strategy, the National Innovation Agency (ANI) plays a key role in fostering technological development by promoting collaboration between academia, industry, and the public sector. ANI is also responsible for the ZLTs (Living Labs for Innovation) in Portugal. Additionally, the AMA is tasked with modernising public services and promoting ethical, transparent AI use in public administration. The AMA monitors AI deployments to ensure compliance with regulations and provides guidelines for AI integration in public services. As previously mentioned, the AMA is currently representing Portugal in AI Board meetings.

HAS YOUR JURISDICTION PARTICIPATED IN ANY INTERNATIONAL FRAMEWORKS FOR AI?

As an EU member state, Portugal has participated in various international frameworks for AI by complying with EU-wide strategies and regulations. As such, more recently, Portugal

contributed as a Council of Europe and EU member state in the negotiations of the recently approved Council of Europe Framework Convention on AI, Human Rights, Democracy and the Rule of Law. The European Commission signed the Convention, on 5 September 2024, and in June 2025 submitted its formal proposal for the Council decision to conclude the Convention. Following this, also the European Parliament should give its consent.

In addition, Portugal has participated and endorsed the following international initiatives:

- OECD AI Principles: Portugal is a member of the OECD and has AI Principles that are endorsed by member countries. These principles provide guidelines for responsible stewardship of trustworthy AI in society.
- UNESCO: Portugal has endorsed the UNESCO Recommendations on AI.
- Global Partnership on Artificial Intelligence (GPAI): Portugal is also a member of the GPAI initiative.

WHAT HAVE BEEN THE MOST NOTEWORTHY AI-RELATED DEVELOPMENTS OVER THE PAST YEAR IN YOUR JURISDICTION?

Over the past year, Portugal has seen several noteworthy AI-related developments across various domains.

In 2022, pivotal negotiations concluded for the funding of various consortia within the framework the national Recovery and Resilience Mechanism, established by the Portuguese government as part of the Next Generation EU package from the European Council. This mechanism is structured around three key dimensions:

- resilience;
- climate transition; and
- digital transition.

One notable consortium selected in this context is the Center for Responsible AI Consortium (<https://centerforresponsible.ai/>), comprising 25 Portuguese entities. This consortium includes two unicorns and 10 start-ups specialising in AI (Unbabel, Feedzai, Sword Health, Automaise, Emotai, NeuralShift, Priberam, Visor.ai, YData, and YooniK), eight research centres from Lisbon, Porto and Coimbra (Champalimaud Foundation, Centre for Informatics and Systems of the University of Coimbra, Faculty of Engineering – University of Porto, Fraunhofer Portugal AICOS, The Instituto de Engenharia de Sistemas e Computadores - Investigação e Desenvolvimento, Instituto Superior Técnico (IST), IST-ID/Institute for Systems and Robotics and IT), one law firm (Vieira de Almeida (VdA), and five industry leaders from the life sciences, tourism and retail sectors (BIAL, Centro Hospitalar de São João, Luz Saúde, Grupo Pestana and SONAE).

The overarching goal of the Responsible AI Consortium is to position Portugal as a global leader in Responsible AI technologies, principles and regulation. The consortium aims to achieve this by creating new AI products, standards and recommendations for regulation and best practices in Responsible AI. Additionally, the initiative aims to contribute to academia by offering 132 postgraduate academic degrees, among other impactful initiatives. The work of the centre has led to the creation of the Center for Responsible

AI association, while the consortium's remaining activities are expected to be concluded by the end of 2025.

In 2024, the Bridge AI was also launched (<https://bridge-ai.eu/wp/en/>). Funded by the Foundation for Science and Technology, the General Secretariat of the Presidency of the Council of Ministers, and Portugal's Recovery and Resilience Plan, with support from the Competence Centre for Planning, Policy and Foresight in Public Administration, the project is coordinated by INESC-ID, with the collaboration of Champalimaud Foundation and Unbabel, involving international partners and experts in different fields with the objective of producing ethical, legal and literacy recommendations to national decision-makers based on sound scientific knowledge, experts' guidance and the concrete cases from the Center for Responsible AI, while at the same time creating an ecosystem of collaboration between key stakeholders. Its activities and recommendations were presented to public in October 2024.

WHICH INDUSTRY SECTORS HAVE SEEN THE MOST DEVELOPMENT IN AI-BASED PRODUCTS AND SERVICES IN YOUR JURISDICTION? ARE THERE ANY EMERGING INDUSTRY OR NON-GOVERNMENTAL STANDARDS GOVERNING THE DEVELOPMENT AND USE OF AI-RELATED TECHNOLOGIES?

Over the past few years, there has been a notable surge in the adoption of AI solutions across diverse sectors, with entities increasingly acquiring both off-the-shelf and tailor-made AI solutions. The following sectors have emerged as particularly active in integrating AI systems into their operations: life sciences; financial sector; public sector; retail; and telecommunications.

Across these sectors, regardless of the specific industry or the varying complexity levels of the acquired AI systems, there is a discernible uptick in the utilisation of the following key solutions:

- **Generative AI:** The adoption of generative AI solutions, from large language models to multimodal generative AI solutions, has gained momentum. These technologies are being employed for tasks such as language translation, sentiment analysis, content generation, virtual assistants and workflow management, contributing to more effective communication and information processing.
- **Recruitment and HR management:** AI applications in recruitment processes and human resources management have witnessed increased adoption, streamlining and enhancing talent acquisition, workforce management and overall HR functions.
- **Digital marketing:** The integration of AI in digital marketing strategies has become more prevalent, with entities leveraging AI to optimise advertising campaigns, personalise content and enhance customer engagement.
- **Biometric data:** The use of biometric data in AI applications has seen a rise, particularly in sectors such as security, healthcare, finance, and identity verification, where biometrics contribute to enhanced authentication and identification processes.
- **Virtual assistants:** Virtual assistants powered by AI are being increasingly deployed across sectors to enhance customer service, streamline communication and improve overall operational efficiency.

This widespread adoption of AI solutions across various sectors underscores the versatility and applicability of AI technologies in addressing diverse business challenges and enhancing operational capabilities. As entities continue to recognise the value of AI in driving efficiency and innovation, the trend of AI integration is expected to persist and evolve across different industries.

ARE THERE ANY PENDING OR PROPOSED LEGISLATIVE OR REGULATORY INITIATIVES IN RELATION TO AI?

At the time of writing, there are no AI-specific laws currently pending or proposed in Portugal. However, as an EU member state, many of Portugal's future AI regulations will be shaped by, or directly aligned with, EU-wide policies. In this context, the transposition of the PLD II is expected in the coming years:

- transposition of the NIS 2 Directive by the end of 2025;
- application of the Data Act on 12 September 2025;
- application of the Regulation of European Health Data Spaces; and
- application of the upcoming Regulation on European Financial Data Spaces, once approved.

WHAT BEST PRACTICES WOULD YOU RECOMMEND TO ASSESS AND MANAGE RISKS ARISING IN THE DEPLOYMENT OF AI-RELATED TECHNOLOGIES, INCLUDING THOSE DEVELOPED BY THIRD PARTIES?

Given the intricate nature of AI systems and the current absence of regulatory clarity, risk assessments stand out as the prevailing methodologies for evaluating and mitigating the potential impact of AI systems on fundamental rights, user health and safety, and for ensuring compliance with legal requirements and ethical principles.

Despite various efforts in recent years to assess certain risks, such as those pertaining to fundamental rights, data protection and ethics, a comprehensive impact assessment framework capable of identifying all challenges associated with the use of AI and proposing appropriate mitigation measures is still lacking. In essence, while various systems and methodologies address specific criteria of a Responsible AI system – such as ethics, fundamental rights, privacy and cybersecurity, and sustainability – there is currently no unified methodology that encompasses all these aspects. In this regard, we propose a holistic approach that takes into consideration some of the existing methodologies and standards, as well as the various legal, ethical and commercial risks that AI systems may present.

This also includes ensuring compliance with the AIA, if applicable, but also voluntarily in an effort to demonstrate compliance and promote international standards for AI use and development.

In doing so, it is crucial to establish robust technical, organisational and contractual mechanisms that take into consideration the health, safety and fundamental rights of individuals. This involves implementing measures that enable transparent examination of AI-generated outcomes. Additionally, clear contractual agreements among stakeholders

are essential to allocate responsibility for any damages resulting from errors and biases in the AI system developed by third parties.

In more detail, key components of this approach include:

- **Technical mechanisms:** Implementing technical features that facilitate the auditing of AI outputs. This may involve logging, tracking, and documenting the decisions made by the AI system, allowing for retrospective analysis.
- **Organisational mechanisms:** Developing internal processes and structures within organisations that support the auditing of AI outputs. This may include establishing dedicated teams or procedures for monitoring and evaluating the performance of AI systems.
- **Contractual mechanisms:** Clearly defining responsibilities and liabilities in contractual agreements among stakeholders. This includes specifying the obligations of each party in addressing errors and biases and providing evidence or relevant information to support or refute any claims arising from AI-related issues.

The Inside Track

WHAT SKILLS AND EXPERIENCES HAVE HELPED YOU TO NAVIGATE AI ISSUES AS A LAWYER?

Navigating AI-related issues as a lawyer requires a unique combination of skills and experiences, including:

- **Experience working with technologies:** VdA has extensive experience working with various technologies, including AI, across sectors such as telecommunications and space. This experience has provided the team with a solid foundation to understand the technical aspects of AI and to work closely with multidisciplinary teams, including data scientists and engineers. This technical knowledge is crucial for addressing AI-related legal issues effectively, enabling the team to grasp the complexities of AI systems and their potential implications.
- **Experience working with data:** Data is the foundation of AI, and the team's nearly 30 years of experience in handling and analysing data, cybersecurity and privacy matters has been invaluable. A deep understanding of data privacy, security, data sharing and governance is essential when dealing with AI. Additionally, many risk-assessment methodologies used in data management can be applied to identify and mitigate the risks associated with AI systems.
- **Expertise in AI law and ethics:** For over seven years, members of the VdA team have been researching and specialising in the legal and ethical aspects of AI. This strong theoretical foundation complements the team's professional experience, allowing them to provide informed, relevant advice on AI-related legal matters.
- **Multidisciplinary and international collaboration:** VdA's approach is grounded in collaboration with various organisations and institutions, both nationally and internationally. The firm works with the Center for Responsible AI and Bridge AI at the national level and represents VdA at the World Economic Forum (WEF) and the International Bar Association (IBA). In addition, VdA co-coordinates the IBA's world-class Metaverse Regulation Guide project. The team is also involved in

the European Union's Digital for Development (D4D) Hub Private Sector Advisory Group (PSAG), WEF's Metaverse Governance working group, the AI Global Alliance – Resilient Governance and Regulation working group, the drafting of the European General Purpose AI Model Providers Code of Practice, and the Center for AI and Digital Policy (CAIDP) Policy Group. This multidisciplinary and international collaboration is essential for addressing the global and multifaceted nature of AI-related legal issues.

- **Soft skills:** As AI becomes more prevalent in legal practice, soft skills such as critical thinking, problem-solving, communication and emotional intelligence are essential. These skills are necessary to critically evaluate, review and correct the outputs of AI systems, as well as to continue engaging effectively with clients.

WHICH AREAS OF AI DEVELOPMENT ARE YOU MOST EXCITED ABOUT AND WHICH DO YOU THINK WILL OFFER THE GREATEST OPPORTUNITIES?

- **AI in health:** The potential for AI to revolutionise healthcare is immense. From diagnostics and personalised medicine to drug discovery and remote patient monitoring, AI is already transforming how healthcare is delivered. By analysing vast amounts of medical data, AI can identify patterns, leading to more accurate diagnoses and personalised treatment plans. Additionally, AI-powered tools enable early detection of diseases, crucial for effective treatment, while also streamlining administrative tasks, allowing healthcare professionals to focus more on patient care. This integration of AI into healthcare promises to improve patient outcomes and optimise healthcare systems.
- **Multimodal generative AI:** This exciting frontier of AI integrates various types of data to generate sophisticated outputs. In creative industries, multimodal generative AI can revolutionise content creation by blending text, visuals and sound for innovative applications in entertainment, marketing and education, allowing new forms of expression. Combined with agentic AI, these technologies can further enhance creativity and productivity, driving more dynamic and interactive applications across sectors.
- **Convergence of AI with Web3 and smart contracts for data sharing:** As already mentioned in the Data Act, the intersection of AI, Web3 and smart contracts offers a unique opportunity for secure and decentralised data sharing. Web3, which emphasises decentralisation and user control, combined with AI, can create systems where data is shared securely and transparently. Smart contracts automate and enforce data-sharing agreements, especially in the context of EU Common Data Spaces. This convergence is poised to reshape industries such as finance, healthcare and supply chain management, empowering users to control their data more efficiently while fostering greater trust in digital interactions.

WHAT DO YOU SEE AS THE GREATEST CHALLENGES FACING BOTH DEVELOPERS AND SOCIETY AS A WHOLE IN RELATION TO THE DEPLOYMENT OF AI?

The deployment of AI presents several significant challenges for both developers and society. In our view, the most relevant challenges, particularly in the Portuguese context, are as follows:

- **Digital Literacy:** Under the AIA, providers and deployers must ensure an adequate level of AI literacy among their staff and others involved with AI systems. This includes considering technical knowledge, experience, education, training and the context of use. Beyond regulatory obligations, as AI systems increasingly shape the way we work, communicate, and live, the general public must also have a basic understanding of AI to interact with it effectively and safely. This encompasses recognising AI's capabilities and limitations, as well as understanding how AI decisions may impact their lives.
- **Clarity in obligations, interpretation and implementation of the AIA:** Navigating the legal landscape presents a major challenge, particularly with the introduction of the AIA. Given the multitude of available frameworks and the abundance of information surrounding AI, clear guidance at both national and EU levels is critical. A 'legal by design' approach throughout the AI life cycle and value chain is essential to ensure preparedness for the AIA's implementation.
- **Collaboration among authorities and stakeholders:** The AIA introduces a complex governance framework at national and European levels. It emphasises the importance of active participation and collaboration among various stakeholders in interpreting and applying the regulation. In this regard, there is both a challenge and an opportunity to establish a clear communication plan and continuous collaboration among stakeholders at different stages of the AI life cycle. This ensures human-centric AI development and deployment while promoting legal clarity.

Addressing these challenges requires a concerted effort from developers, policymakers, academia, and the public. By improving digital literacy, clarifying legal obligations, promoting best practices and fostering collaboration, we can better navigate the complexities of AI systems and maximise their benefits for society.



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