

News story: Tech giants do not face enough competition – reducing consumer choice and innovation

- review finds that tech giants do not face enough competition
- new markets unit needed to set and enforce rules
- existing rules need updating to tackle mergers and improve enforcement
- experts say action is needed to increase choice and innovation for consumers

Tech giants have become increasingly dominant and ministers must open the market up to increase consumer choice and give people greater control over their data, an [independent review](#) said today (Wednesday 13 March).

Harvard Professor Jason Furman has warned that UK competition rules must be updated to be fit for the digital age. He cited the benefits brought by technology firms but said the rules needed to evolve to keep pace with the market.

He has urged the government to increase competition in the digital sector by setting up a new competition unit and strengthening outdated laws. He believes more companies would then be able to join the market on a more equal-footing – ushering in a new wave of innovation and the creation of new social media and online search platforms.

An independent panel of experts led by Professor Furman – who was chief economic adviser to President Barack Obama’s White House – and including Professors Diane Coyle, Amelia Fletcher, Derek McAuley and Philip Marsden has investigated the sector. Today they have made the following recommendations to address this international problem, so that Britain can lead the world in the technological revolution:

- a new digital markets unit should be set up with expertise in technology, economics and behavioural science and the legal powers to back it up
- the new unit should give people more control over their data by enabling people to switch between platforms more easily
- it should also develop a code of conduct so the largest digital companies know the competitive rules of the game
- regulators’ existing powers for tackling illegal anti-competitive practices need to be strengthened – making it quicker and simpler to prosecute breaches, such as bullying tactics by market leaders
- changes to merger rules are needed so the Competition and Markets Authority (CMA) can better stop digital mergers that are likely to damage future competition, innovation and consumer choice
- the CMA should launch a formal market study into the digital advertising market which is dominated by two players and suffers from a lack of transparency

- powers to force the largest companies to open up to smaller firms through providing access to key data sets, when doing so does not affect privacy
- the UK should engage internationally on all of these issues

Harvard Professor Jason Furman, chair of the independent review of competition in the digital sector, said:

The digital sector has created substantial benefits but these have come at the cost of increasing dominance of a few companies which is limiting competition and consumer choice and innovation. Some say this is inevitable or even desirable. I think the UK can do better.

The Chancellor, Philip Hammond, was right to recognise there is a better way than just continuing with the status quo. My panel is outlining a balanced proposal to give people more control over their data, give small businesses more of a chance to enter and thrive, and create more predictability for the large digital companies. These recommendations will deliver an economic boost driven by UK tech start-ups and innovation that will give consumers greater choice and protection.

Responding to Professor Furman's Review, the Chancellor of the Exchequer Philip Hammond, said:

The UK leads the world in embracing technology and the opportunities it delivers for people. Competition is fundamental to ensuring the market works in the interest of consumers, but we know some tech giants are still accumulating too much power, preventing smaller businesses from entering the market.

The work of Jason Furman and the expert panel is invaluable in ensuring we're at the forefront of delivering a competitive digital marketplace. I will carefully examine the proposals put forward by the panel before responding later this year, setting out how the government will implement the changes needed to ensure our digital markets are competitive and consumers get the level of choice they deserve.

The report – [commissioned by Chancellor Philip Hammond](#) on behalf of the government and published today ahead of the Spring Statement – recognises the digital economy has delivered many benefits and helped change the way people live their lives for the better. However, it is clear that more competition is needed to continue generating new benefits for consumers.

It found these proposals could boost the economy by encouraging the development of new platforms to compete with established players. Opening markets up would also lead to new services that revolutionise how we use

digital apps and programmes. For example, an aggregator service could bring together a person's content and data from several social media platforms and make it easier to browse and message friends and family who use different apps.

Customers will be able to switch services more easily, taking their custom elsewhere and with greater control over their data. Lists of friends could be transferred to new social media sites and search histories could be transferred to a new search engine.

Next stages

The Chancellor will make an initial response to the review in his Spring Statement speech this afternoon. The government is expected to formally respond to its recommendations in the summer.

The [independent panel](#) was made up of Professors Jason Furman, Diane Coyle, Amelia Fletcher, Derek McAuley and Philip Marsden.

The panel has made 20 specific recommendations for the government. These can be found in the [full report](#).