

## **Sommet des ministres des finances du G7**

**Chantilly, 17 juillet 2019**

### **Présentation Isabelle de Silva, présidente de l'Autorité de la concurrence**

Dear ministers

It is an honor to be here and to have the opportunity to present the outcome of the joint work carried out by the competition authorities of the G7 countries.

#### **1) Why this initiative and how was it received?**

This initiative was launched last year, on a suggestion by the French presidency of G7. The idea was to start a discussion among G7 competition authorities on the revolution that is the digital economy.

How did we go along? Competition had not, until now, been on the G7 agenda. However, the initiative was viewed very favorably by the other competition agencies:

- It was an occasion to present a common view, a “united front” on the specific challenges raised by the digital economy ;
- It came at a good time, when many countries are considering changes to their national law or enforcement in order to adapt them to the digital economy (be it in the field of antitrust, merger control or regulation).
- Finally, the G7 was perceived to be a very appropriate forum: dynamic competition is a key factor for the good health of the global economy, and to maintain steady growth and innovation. In addition, the G7 is able to « lead the way », and has been at the forefront of tackling digital changes.

## **2) How did we proceed and what have been the results of this discussion?**

We met several times in person with the leaders of the different agencies, in Paris, on the sidelines of OECD meetings, and in Colombia, during the annual summit of the International competition network. We had many online discussions and audio conference calls.

In addition, two international conferences on « Competition in the digital era » were organized in Paris (one at the Banque de France and the other at the OECD), with high profile academics, regulators and international firms. They have helped us to frame the debate.

I also met with your deputies during their G7 retreat in February and June, to keep them up to date with the process and receive their own contributions and views on the topic.

The objective we set ourselves was to try and reach an agreement on a text, that would be based on the contributions of each agency and that would express the most extensive consensus among us. The dialogue was conducted with a lot of positive energy and drive. We were all inspired by the wish to be able to present to you, here in Chantilly, a result that would be as ambitious as possible, and that would be fully endorsed by all the authorities.

**3. What is the result? We were able to finalize and formally adopt a « Common understanding on Competition and the Digital economy », on the 5<sup>th</sup> of June in Paris, with the chairs of the competition authorities present.**

We may have different views on how to deal with some specific digital issues, however, this common understanding shows that we share the same diagnosis and are steering in the same direction. It provides us with a global framework and shows our determination, among allies, to address them at the international level, with competition law as a relevant tool.

The “**Common Understanding on competition and the Digital economy**” is structured around **four main ideas**:

(1) First, it acknowledges **the benefits of the digital economy on innovation and growth, provided that digital markets remain competitive** (“*Competitive markets are key to well-functioning economies*”, and the many benefits of the digital economy “*can best be realized if digital markets remain competitive*”). Among the benefits we identify are the changes and improvements in the production process, the way goods are sold, the growth in investment and innovation, the development of transparency for the consumers, and the reduction of the costs of goods and services.

We also wished to underline how **data-driven innovations** are important and transform the economy, and the benefits brought to **consumers** by digital platforms, including zero priced offers.

The document then underlines the special role competition law enforcement plays to **safeguard trust in the digital economy**, and also to make sure that the digital economy is able to provide growth, markets that work well, benefits for the consumer. It is also key to **maintaining on the long run the incentives to innovate**.

*(“Sound competition law enforcement will continue to play an important role in safeguarding trust in digital markets and ensuring that the digital economy continues to deliver economic dynamism, competitive markets, consumer benefits and incentives to innovate”).*

(2) The second part concludes that antitrust rules are flexible and relevant, and describes the way they can be applied to fast moving, multi-sided markets and to zero-priced offers. We need to take into account network effects and economies of scale, and also concentration.

We must also deal with issues such as accumulation of large amounts of data by platforms, to avoid possible barriers to entry the authorities have a proven track record of dealing with such cases (*“Recent casework shows that competition law generally provides competition authorities with the tools and flexibility to tackle anticompetitive conduct in the digital economy”*). However, competition authorities

share the view that it is important that they have “*the tools and means to deepen their knowledge of new business models and their impact on competition*”;

It is complex to analyze conducts based on machine-learning or algorithmic pricing. Thus, we need to keep investing time and effort in understanding the new developments of the digital economy: not only two-sided platforms, or network effects, but also algorithms, data or blockchain, and how they can transform the way we do business, or create new forms of abuse or collusion.

(3) But a sound competition on digital markets is not only about how companies interact or respect the competition rules. General legislation can also play a role and, sometimes, create unnecessary burdens.

This is why, thirdly, the text highlights **the importance of advocacy and of competition impact assessment of policies, including existing or new laws**. Competition authorities call for a careful assessment of laws and regulation, to make sure they don't harm competition in digital markets, by creating barriers to entry for new entrants, or enabling incumbents to protect their position (“*regulations also can harm competition by increasing the cost of entry and entrenching incumbents*”); “*governments should assess whether proposed and*

*existing laws or regulations unnecessarily hinder competition in digital markets”*).

Competition authorities can also play a role in **sharing their knowledge** throughout government, so as to actively promote a competitive digital marketplace.

(4) Finally, competition authorities call for a continuous **international cooperation**:

The digital economy has no borders and is characterized by the presence of global companies, that are active worldwide. The same competition issues can arise in the US or Canada, in Europe or in Japan. For this reason there is a growing need for a **convergent competition enforcement** and for effective answers to cross-border practices and cases overlapping several countries “*it is important to promote greater international cooperation and convergence in the application of competition laws*”. Thus the competition agencies pledge to strengthen their cooperation on substance and on current cross-border cases.

When companies act on a global scale, it is necessary that competition authorities – the same as governments – develop a common approach as much as possible.

This is also **to the benefit of undertakings** because “*international cooperation helps foster a coherent competition landscape, which is also of interest for business stakeholders*”.

We truly believe that, acting in common with this global framework in mind, we will be better placed to answer these difficult new challenges.

Of course, cooperation between competition authorities is already strong. But we must now act faster than ever before, and to achieve this, it is essential to continue our efforts to provide a comprehensive response to these actors who transcend geographical borders.

Finally, the competition authorities **are ready to continue in assisting the G7 with contributions** on this topic. This will not be at the expense of other international fora, such as ECN, ICN, OECD, UNCTAD. But it will serve to further strengthen the ties between enforcers. Many more digital topics could be addressed in this way in the future, if the G7 finds it useful and relevant: for example, blockchain or the challenges raised by new forms of payment.

We therefore look forward to hearing your thoughts on this contribution, so that I can report back to my fellow competition agencies. I thank you for your attention.