

UNDERSTANDING EUROPE'S DIGITAL AND COMPETITION LAWS:

Fair, Open and Pro-Innovation

Why does it matter?

Eighty percent of consumers in the EU, UK, and U.S. depend on digital services for shopping, information, and social interactions. Yet they cannot fully trust that their rights are respected online. A few powerful online players control access across many digital markets, from commerce and payments to search and social media. This concentrated power limits choice, enables unfair practices, and creates barriers for fair competition and innovation. As users feel less safe and more manipulated online, their confidence falls. New European laws have been relentlessly attacked by Big Tech companies, but in fact these laws aim to raise standards for trust, fairness, and accountability in the digital sphere.



60 % consumers have stopped using online services they felt were unsafe, while **55 %** say they have lost trust in a company because they felt they were manipulated or deceived by its website or app

CHALLENGES IN DIGITAL MARKETS TODAY

Large digital platforms often engage in practices that limit fair competition, consumer choice, privacy, consumer protection and the safety and trustworthiness of the digital space. Examples include favouring their own services over those of competitors in search rankings (self-preferencing), imposing high fees on app developers, creating closed ecosystems that lock in users, deploying dark patterns, processing personal data unfairly and failing to adopt measures to prevent the sale of illegal products.

Barriers to entry combine with unfair commercial practices to make it difficult for competitors to enter the market fairly. Digital markets are especially prone to “market failure”, where normal competition breaks down due to factors including first-mover advantage, economies of scale, and network effects. These features let dominant platforms quickly capture users and data. As a result, new challengers struggle to compete, and markets tip toward monopoly power, exposing consumers to abusive practices.

These practices can lead to real harm. **Consumer surveys** show that many people feel they lack control over the content they see online. Markets dominated by a few gatekeepers discourage innovation from startups and SMEs, both in Europe and globally. Intervention is needed to restore fair competition and keep digital spaces open and innovative.

EUROPEAN LAWS PROMOTE INNOVATION AND CONSUMER CHOICE

Fair competition benefits everyone. By preventing gatekeepers from abusing their power, well-designed regulation and enforcement create opportunities for startups and innovators to thrive. Consumers enjoy more choice, lower prices, control over their data, and a safer online environment. Open markets spur creativity, entrepreneurship, and technological advancement.

EU and UK digital laws are non-discriminatory: they apply to companies, regardless of their nationality. While most designated gatekeepers and very large online platforms and search engines under these rules are U.S.-headquartered, this reflects their extreme scale and domination of European digital markets rather than geographic discrimination. These laws set commonsense standards for market fairness, ensuring everyone competes by the same rules. They have been applied to companies from Asia, Europe and the U.S. In the case of data protection law, the GDPR regulates European companies more stringently than non-European companies. European companies must abide by the GDPR when processing data of Europeans and non-Europeans, whereas non-European companies operating in the EU must only comply with the GDPR when they process data of Europeans.

The EU Digital Market Act

The DMA mandates interoperability and requires gatekeepers to allow alternative app stores and payment systems, breaking open closed monopolies and fuelling innovation. Rather than stifling new ideas, these rules require firms to compete fairly and improve.

Many companies, including American firms, benefit from the DMA because they provide services which compete with those of the large tech companies – known as gatekeepers – regulated under the DMA.

The EU Digital Services Act

The DSA strengthens accountability and user safety online by requiring platforms to act swiftly against illegal content and providing greater transparency and safeguards around content moderation, recommender systems and advertising. The DSA protects free speech by giving new rights to challenge unjustified censorship by powerful online platforms. By strengthening safety, boosting transparency and enhancing user rights, the DSA builds trust and creates fairer opportunities for businesses of all

sizes to reach consumers. These standards motivate digital platforms to compete honestly and innovate in ways that put people first.

The designation of Very Large Online Platforms (VLOP) and enforcement of the DSA is non-discriminatory and applies to all companies operating in the EU regardless of where they are based. The Commission has investigated and acted against companies from China, Europe, and the U.S.

UK Digital Competition Laws

The UK's ex-ante digital competition regime, the Digital Markets, Competition and Consumers Act (DMCCA), empowers authorities to address unfair conduct by dominant tech firms with entrenched market power through targeted, evidence-based interventions. By requiring companies to follow principles of fair trading, open choice, and transparency, the approach unlocks new opportunities for businesses and consumers alike. Rather than limiting growth, these rules create room for innovation and fair competition in fast-moving markets.

The Competition and Markets Authority in the UK has a legal duty to ensure such regulations are proportionate and they must be designed in a participative way with input from the regulated firm, as well as other stakeholders. It is integral to the intent of the regime that regulations be designed with an understanding of the firm's business model to avoid regulatory failure and promote innovation across the market.

These regulations complement existing antitrust frameworks by enabling quicker and more transparent enforcement. They were designed with input from businesses and civil society to ensure they are balanced, promote innovation, and protect the freedom of citizens and consumers to communicate and transact freely and fairly.

Importantly, these laws apply equally

to companies of any nationalities.

A WIN-WIN FOR CONSUMERS, INNOVATORS AND FAIR MARKETS

Europe's digital and competition laws create a strong, unified framework that promotes market openness and protects consumers and innovators alike: because these goals go hand in hand. Rather than discriminating against companies from any country, these laws foster fairness, competition, and innovation across borders. It is notable that both the EU and the U.S. recognize the importance of regulating the digital economy responsibly. Bipartisan efforts in the U.S., such as the 2023 House Judiciary Committee report and emerging legislation on online safety and platform accountability, reflect shared concerns with Europe about transparency, digital competition, and user protection.

Europe's laws help maintain a well-functioning digital market where many companies can compete and innovate, freeing consumers from the control of walled gardens created by dominant platforms. By ensuring equal rules for all players, these regulations build dynamic digital markets that encourage entrepreneurship and support a healthier digital economy on both sides of the Atlantic.