

Press release

Google, Facebook and Co. – a challenge for competition-related policy

- The Monopolies Commission calls for **prudence** in dealing with Internet service providers. There is need for a deeper analysis of possible problems pertaining to the protection of privacy, of consumers, and of competition.
- An **extension of the competition policy toolkit does not (yet) seem advisable** on the basis of current knowledge and understanding.
- Users of the Internet should be placed in a better position to react to **abusive utilization** of their data.
- Further measures must be developed on the basis of a **cooperation of all relevant public bodies and the market participants concerned**.

The Monopolies Commission has presented its XXth Main Report under § 44(1) of the Act Against Restraints on Competition (ARC) today, which is entitled: **“A competitive order for the financial markets”**. A first analysis of data-related questions regarding the Internet economy from a competition perspective is part of the Report. The analysis takes the public debate on the alleged power of Internet service providers as its starting point, for instance the operators of search engines, social networks, and comparable services (e.g., Google and Facebook).

The growing importance of – frequently foreign – providers of Internet services has actuated structural changes which not few observers view with discomfort. Many successful business models are based on the far-reaching **access to user data**. On the one hand, such access can be a precondition to the provision of (personalised) services. On the other hand, powerful market positions can arise on grounds of network and customer retention effects as well as of economies of scale, and markets can be foreclosed. In this context, questions of privacy and consumer protection partially overlap with questions related to the protection of competition.

To date, the investigations by competition authorities concentrate on competition problems to the detriment of (commercial) content providers and advertisers. Issues pertaining to the access to user data are at most addressed indirectly. In this respect, the Monopolies Commission identifies a still-existing **need for clarification**.

An **extension of the competition policy toolkit does not (yet) seem advisable**. Already as of now, however, it appears necessary to improve the possibilities for Internet users to discern and react to the **abusive utilization** of their data. On grounds of competition policy, a **speedy adoption of the EU General Data Protection Regulation** appears desirable as well.

The Monopolies Commission’s Chairman, Professor Daniel Zimmer, stated: “Before taking further steps, a **deeper analysis** of the problem areas is required. A cooperation of all relevant public bodies and market participants concerned appears necessary.” That **cooperation** is currently developing. Therefore, in the present Report, the Monopolies Commission only delivers a preliminary opinion.

The Monopolies Commission is a permanent, independent expert committee, which advises the German government and legislature in the areas of competition policy making, competition law and regulation. Its legal responsibilities encompass, among others, the preparation of a Main Report analysing the development of competition on a bi-annual basis. The Monopolies Commission has five Members appointed by the Federal President based on a proposal of the German government. Prof. Dr. Daniel Zimmer of Bonn University is the chairman of the Monopolies Commission.