



G7 Competition Authorities and Policymakers' Summit Digital Competition Communiqué

Tokyo, Japan, 8 November 2023

1. We, G7 competition authorities and policymakers, met in Tokyo on 8 November 2023 to discuss competition in digital markets with the aim of promoting competitive markets and effective competition law enforcement. G7 competition enforcers came together with G7 policymakers as it is increasingly important to both use existing competition enforcement tools and to develop and implement new or updated competition policy initiatives or regulatory and competition frameworks. The plan to organize this summit was agreed among us through the Ministerial Declaration of the G7 Digital and Tech Ministers' Meeting on 30 April 2023. This summit was hosted by Japan Fair Trade Commission and Secretariat of Headquarters for Digital Market Competition of the Cabinet Secretariat.
2. The 2019 “Common Understanding of G7 Competition Authorities on ‘Competition and the Digital Economy’” recognizes that robust competition policy can help to unlock the benefits of digital markets and that the competitive implications of the digital transformation call for the attention, use, and adaptation of competition law and policy. The 2021 G7 policymakers’ “Shared Policy Objectives for Competition in Digital Markets” statement reaffirms policymakers’ aim to promote a proactive approach to drive open competition in fast-moving digital markets.

Our Initiatives to Promote and Protect Competition in Digital Markets

3. Digital markets can present competition concerns. Markets characterized by network effects, economies of scale, digital ecosystems, and accumulations of large amounts of data can be prone to increasing or creating barriers to entry, tipping, and dominance. We need to be vigilant and attentive to concerns regarding effective functioning of digital markets given the risk of lack of competition, limited consumer choice, and reduction in innovation due to limited contestability of markets as well



as anticompetitive and unfair conduct.

4. G7 competition authorities and policymakers have begun to tackle the myriad competition concerns in the digital economy by taking action to combat anticompetitive conduct and mergers in digital markets and updating, reviewing or looking to strengthen laws and rules related to the digital economy. Some jurisdictions have adopted new *ex-ante* regulations complementing existing competition law to mitigate certain anticompetitive and unfair practices of digital firms. G7 competition authorities and policymakers are committed to applying competition law and regulatory tools to digital markets to address concerns such as exclusionary or exploitative practices of digital firms, barriers that entrench and maintain incumbents, as well as killer acquisitions, among others.
5. The speed at which competition harm can occur in these markets means actions and enforcement must occur within a meaningful timeframe to prevent digital firms from becoming entrenched. Learning from interventions and honing approaches to remedies will help to promote greater competition and discourage future anticompetitive conduct. We will continue to take action by enforcing competition laws, improving the existing regulatory toolboxes, and developing new regulatory frameworks, to the extent necessary.
6. To aid in these efforts to address competition in digital markets, we will keep expanding institutional capabilities and resources to ensure that competition principles are applied to digital markets and emerging technologies. This can include building internal capacity by adding technological expertise, creating new tech-focused units, and undertaking horizon scanning, research, and market inquiries to understand business practices, emerging technologies, and the evolution of competition in digital markets.

Our Commitment to Address Competition Concerns Arising from Emerging Technologies

7. As the digital economy evolves, new technologies, such as generative artificial intelligence (AI), blockchain and metaverse are emerging, allowing some businesses developing or using those technologies to grow rapidly. Emerging technologies such as generative AI can stimulate disruptive innovation and present inflection points for markets and economies. While new, transformative technologies can encourage more competitive markets, there is also potential competition harm. Anticompetitive mergers or exclusionary conduct can quickly tip emerging digital

markets and give one or a few dominant firms control over developing technologies. Inaction can be especially costly in these markets because consolidated power can stifle the rate and distort the path of innovation.

8. It is essential that G7 competition authorities and policymakers understand emerging technologies and their impacts on competition. This enables us to anticipate and address competition concerns at an earlier stage and take swift and proportionate action based on rigorous analysis to prevent harm to competition, contestability, and innovation more generally. In this context, G7 competition authorities and policymakers are using their enhanced skillsets to scan the horizon for early warning signs of conduct or market factors that might make markets tip or reduce contestability as well as to identify key technologies and issues that may raise competition concerns in the future. Horizon scanning includes various forward-looking approaches such as desk research, market surveys and stakeholder engagement. It enables G7 competition authorities and policymakers to follow how existing technologies evolve and are being used to enhance or diminish competition. It also enables us to identify new technologies and their implications for digital markets.
9. The trajectory of the use of new technologies and their impacts on competition can be shaped by a range of policy and enforcement choices that aim to maintain open and competitive markets. We are committed to using the full range of regulatory tools and developing the institutional resources and knowledge necessary to anticipate competition issues in the digital economy of tomorrow and help to ensure these technologies can benefit people, businesses and the wider economy.
10. Among these technologies, AI, especially generative AI has potential to benefit people and businesses, and boost productivity and growth. However, AI raises possible competition concerns, alongside a variety of other issues such as transparency, disinformation, intellectual property rights, privacy and protection of personal data.
11. There are several key inputs for the development and deployment of large-scale AI. Currently, massive amounts of data are necessary to train generative AI models. Generative AI also requires a skilled engineering and research work force with expertise in areas such as machine learning and natural language processing. Significant computational resources such as cloud computing services and large-scale computing power also are critical. An inability to access these key inputs may inhibit competition to develop AI and AI applications, reducing innovation and

harming consumers.

12. Incumbent tech firms that control these key AI inputs or adjacent markets could harm rivals with anticompetitive conduct such as bundling, tying, exclusive dealing, or self-preferencing. Incumbents could also use acquisitions or partnerships to facilitate such conduct or to further entrench existing positions of market power or create new ones. Control over data and the network effects of AI markets could create barriers to entry and enable concentration or dominance, limiting the ability of startups and new entrants to compete. As firms increasingly rely on AI to set prices to consumers, there is risk that such tools could facilitate collusion or unfairly raise prices.
13. As companies deploy and monetize AI, G7 competition authorities and policymakers emphasize that current competition law applies to AI development, products, and uses. Our agencies have the legal authority to address AI-driven competitive harm, which new AI-specific laws and policies may complement. We recognize and are prepared to address the risks that the development and use of AI become dominated by a few players with the market power to prevent the full competitive benefits of AI.

We Recognize the Need for Internal and International Cooperation on Digital Competition

14. Since the digital economy has effects on a significant range of regulatory and policy areas, such as consumer protection, data privacy and cyber security, it is important for relevant government departments, authorities, and regulators to consider the role of effective competition alongside other issues and work closely with each other in order to address systemic issues in consistent and effective ways.
15. The G7 is an important forum for fostering international collaboration and building shared knowledge. Our cooperation rests on mutual interests and values, and we aim to identify coherent and effective approaches. Business activities in the digital economy often cross borders and raise the same or similar competition or contestability issues. Therefore, we believe that it is essential to facilitate close international cooperation among G7 competition authorities and policymakers. This cooperation helps us to address common issues and challenges, such as implementing, revising, planning and enforcing laws and regulatory tools related to digital competition. Through our close partnerships, we will further strengthen our cooperation by sharing knowledge and experiences concerning existing and emerging technologies, new and revised laws, *ex-ante* regulations and other regulatory tools, and law enforcement developments in digital markets.

16. As to emerging technologies such as generative AI, further discussions among us are needed on competition and contestability issues raised by those technologies and how current and new tools can address these adequately. Also, it is important to share our experiences and insights for understanding and anticipating future developments in products and services using new technologies and their impacts on competition and innovation.

Next Steps

17. To inform future cooperation and coordination on digital competition, G7 competition authorities and policymakers will continue to share updates on approaches to promoting competition in digital markets, including legal reforms, policy advances, institutional changes, and enforcement developments. G7 competition authorities will share their insights and understanding about emerging technologies and their impacts on competition. Also, in terms of enhancing timely and flexible cooperation, G7 policy makers seek to facilitate ad hoc discussions and exchanges of experience by utilizing the point of contact group announced in the Ministerial Declaration. Our cooperation and coordination are based on and strengthen our commitments to take timely, relevant, and appropriate enforcement and regulatory action to protect competition in digital markets in each of our economies.
18. Building on the results of the 2023 G7 digital competition work and summit, we will continue to engage in discussions at expert level with the aim of developing the topics and preparing a digital competition summit under Italy's presidency in 2024.