

# What to Expect from the Commission's Workshop on Competition in Generative AI

Dr Christophe Carugati

*The Commission will likely continue its close monitoring with other competition and supervisory authorities. It will unlikely open a sector inquiry and launch a market investigation into new services under the DMA.*

The European Commission actively monitors developments in virtual worlds and Generative AI (GenAI). Following a [call for contributions](#), the Commission is hosting a [workshop](#) on June 28 to discuss competition dynamics and potential concerns in these areas. However, the Commission's next steps regarding GenAI remain uncertain. It could open a sector inquiry, launch a market investigation into new services under the Digital Markets Act (DMA), or continue close monitoring with other competition and supervisory authorities.

Globally, competition authorities are scrutinising GenAI due to concerns that a few large online platforms will dominate AI markets. These platforms have the infrastructure, services, and strategic partnerships with AI firms to potentially have a competitive edge in AI markets. Authorities in the United Kingdom, Portugal, Hungary, France, the United States, Japan, Canada, and India have launched [market studies](#) to understand the GenAI value chain. The UK and Portugal have already identified some competition concerns, and France will present its findings at the workshop.

The Commission might consider opening a market investigation at the European level, similar to past inquiries in the [e-commerce](#) and [consumer Internet of Things](#) sectors. Such investigations help the Commission understand market dynamics when it suspects competition issues. Unlike the UK and Germany, however, the Commission cannot impose remedies directly but can initiate antitrust investigations later and inform regulatory developments. For instance, the [consumer Internet of Things sector](#) inquiry nurtured the legislative debate on the DMA, aimed at ensuring fair and competitive digital markets.

However, given the significant number of ongoing studies, another market investigation might be redundant. Besides, considering the Commission's limited resources for monitoring and enforcing competition rules and the DMA, this could be an inefficient use of time and effort.

The DMA itself might provide another path for investigating GenAI. [The regulation](#) imposes specific obligations on large online platforms providing core platform services (CPSs). This list already includes services crucial for GenAI development, like cloud services, and deployment, like search engines and virtual assistants.

Competition authorities worldwide have already expressed concerns about [the cloud sector](#) due to its oligopolistic nature in the hands of three large firms and alleged anticompetitive practices that lock users into a cloud provider. [GenAI might raise additional concerns](#), as most model developers rely on cloud providers to develop and deploy their models at scale, often securing access to necessary computing resources through partnerships in exchange for cloud providers hosting their models in their cloud services for model distribution.

Despite this, [the DMA has not yet designated any cloud providers](#). Even if it does, [the French competition authority](#) noted in its cloud market investigation that the DMA is not the best regulatory tool to address competition concerns in the cloud sector, as only a few DMA obligations might apply to cloud services.

Moreover, the DMA already addresses potential competition concerns when large online platforms deploy their GenAI models and applications by integrating them into their CPSs, such as search engines and virtual assistants. [A Commission spokesperson](#) recently noted that the [Apple/OpenAI](#) partnership, which integrates OpenAI's models with Apple's virtual assistant Siri, could prompt a new assessment under the DMA. However, the specifics of this potential reassessment are still unclear.

Additionally, the DMA allows the Commission to open a market investigation to add new services to the list of CPSs. This could lead to large language models (LLMs), which underpin GenAI models and applications, being classified as CPSs, a move supported by some [civil society organisations](#). If so, developers of designated LLMs will have to comply with DMA obligations.

Yet, initiating a market investigation under the DMA to include LLMs may be premature. The UK Competition and Markets Authority's April 2024 [report on AI foundation models](#) highlighted the continued increase of models globally and competition among developers, indicating no immediate market dysfunction for model development.

Another likely possibility is that the Commission may choose to closely monitor market and regulatory developments alongside counterpart competition authorities and intervene when necessary and justified. The Commission may also collaborate with other European supervisory

bodies to ensure a coherent regulatory approach to AI, following a public statement by [the High-Level Group \(HLG\) of the DMA](#). This group, which includes European regulatory bodies responsible for data protection, consumer protection, competition, audiovisual media, and electronic communications, alongside the Commission, aims to maintain consistency across the DMA and other legal frameworks, such as data protection and content moderation.

By choosing this latter path, the Commission can navigate the complexities of GenAI, ensure robust competition, avoid unnecessary duplication of efforts, and efficiently use resources.

## About

### Digital Competition

Digital Competition ([www.digital-competition.com](http://www.digital-competition.com)) is a research and advisory firm dedicated to advancing open digital and competition policies that promote innovation. We provide our members and clients with impartial, forward-looking analyses on emerging global digital and competition issues, helping to shape policies that benefit everyone. We engage with stakeholders, offer insights, and make policy recommendations on complex and novel policy developments. This opinion was conducted independently and did not receive any funding.

This paper is part of our GenAI and Competition Hub (<https://www.digital-competition.com/genaiandcompetitionhub>). It strives for responsible GenAI development, ensuring favourable market conditions that benefit all. We leverage expertise and dialogue with stakeholders and competition authorities while maintaining our commitment to open access, full transparency, and impartial advice. Our Hub helps stakeholders and decisionmakers navigate complex and rapid GenAI market and regulatory development. We also nurture the discussion in designing competition policies that deliver favourable market conditions in the context of intense monitoring of GenAI by competition authorities worldwide and the forthcoming 2024 G7 Italian presidency.

We provide research and market studies and invite stakeholders to contribute with relevant input. We also offer private consultations, training sessions, and conferences on GenAI and competition. Contact us to join the Hub and/or for consultation/press inquiries.

### Dr. Christophe Carugati



Dr. Christophe Carugati ([christophe.carugati@digital-competition.com](mailto:christophe.carugati@digital-competition.com)) is the founder of Digital Competition. He is a renowned and passionate expert on digital and competition issues with a strong reputation for doing impartial, high-quality research. After his PhD in law and economics on Big Data and Competition Law, he is an ex-affiliate fellow at the economic think-tank Bruegel and a lecturer in competition law and economics at Lille University.