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Competition in the digital economy - new realities, new thinking

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UNCTAD IGE ON COMPETITION LAW AND POLICY

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About this address

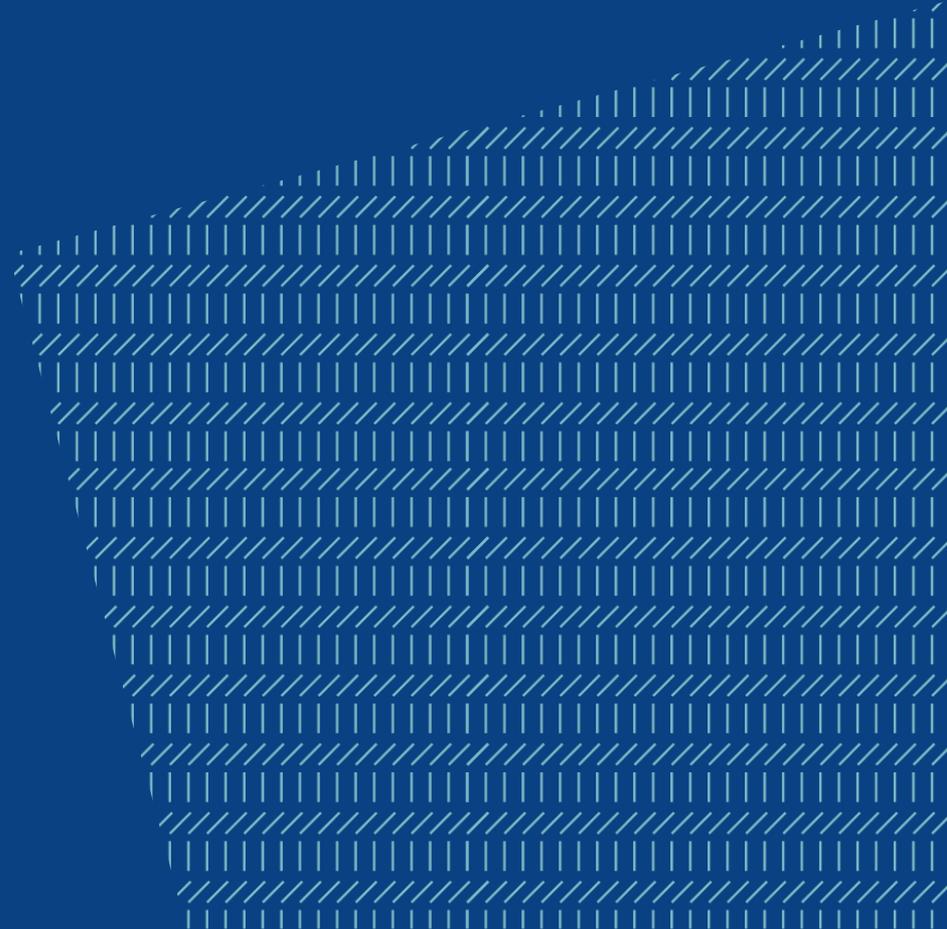
- An economic puzzle?
- A priority for developing countries?
- A stocktake of responses?
- An emerging consensus?





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An economic puzzle

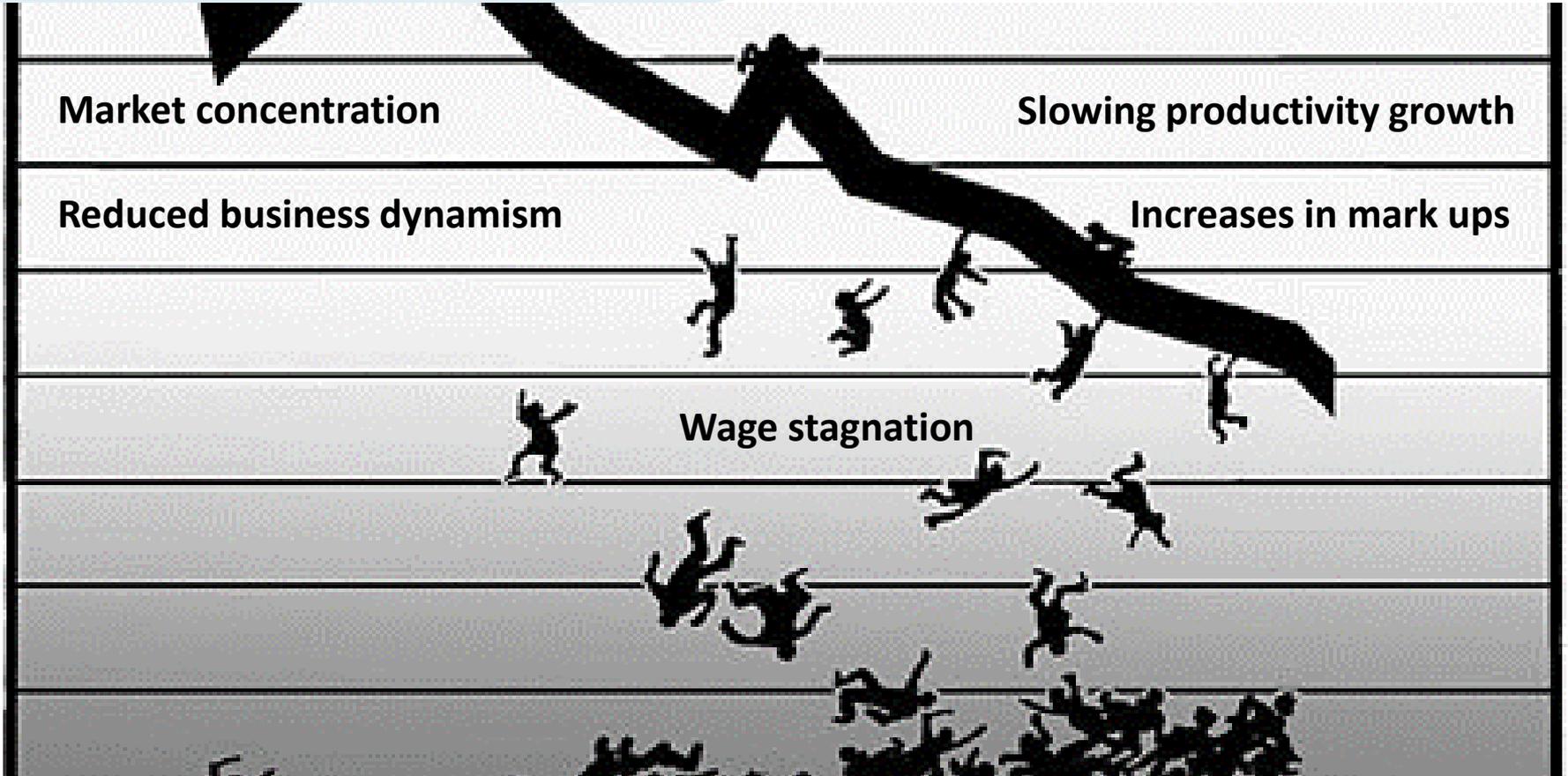




Currently valued at
US\$3 trillion

25% of global GDP by 2020,
60% by 2022

Current value generated in just
20 years



Big Tech = Big (Competition) Problem?



Search
Social networks
Communications
Operating systems
Data storage
Digital advertising
E-commerce

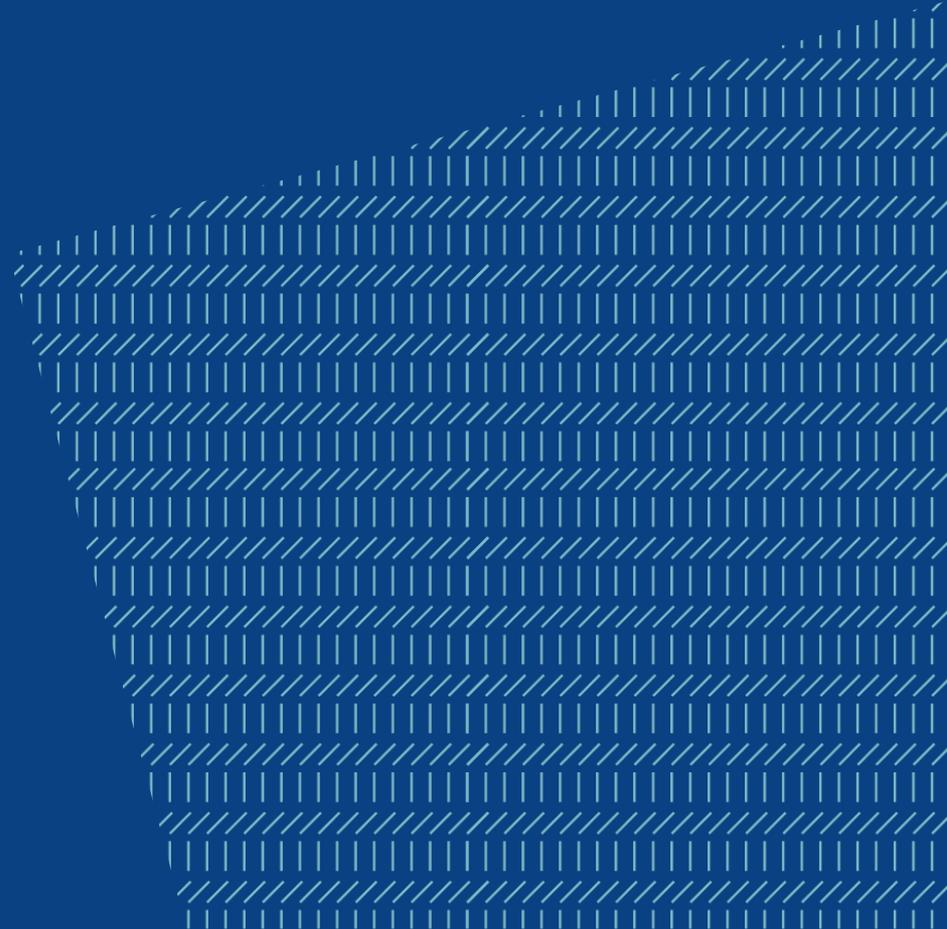


US top 5 and China's top 4 currently generate 90% of the digital economy's revenue and profits



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A developing country priority





Developing countries and the digital economy

**2/3 of 3b
internet users**

**6.5 billion
mobile phone
subscriptions**

**Google and
Facebook working
to connect the
next billion users**

**53% on social
media**

**43% of global
digital media
spend**

**70% buying
online**

**Online payment
services growing**

**Global players
buying local e-
commerce
platforms**



amazon

SOUQ

an amazon company

Alibaba.com
Global trade starts here.™

LAZADA
•SG

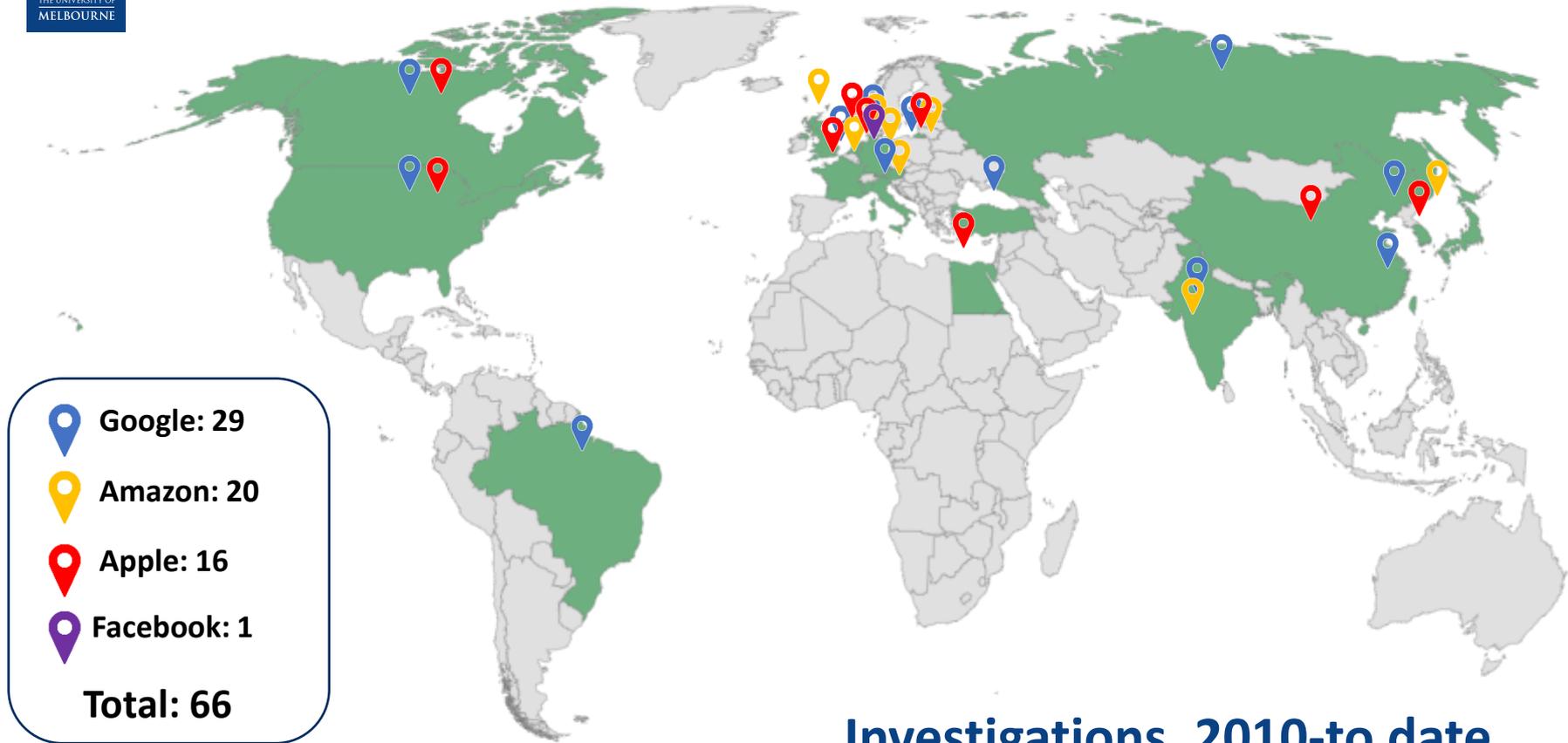
Tencent 腾讯



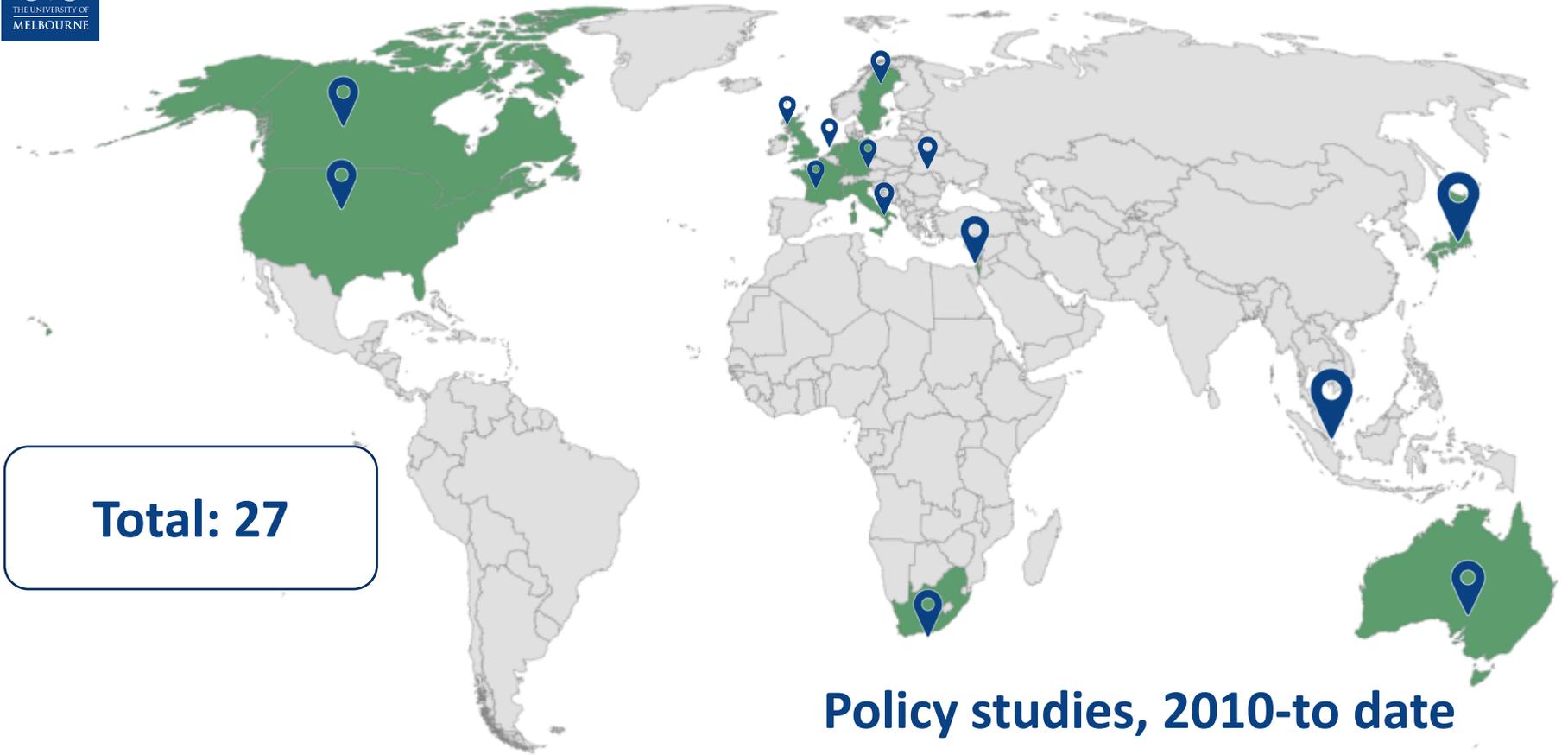


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A stocktake of responses



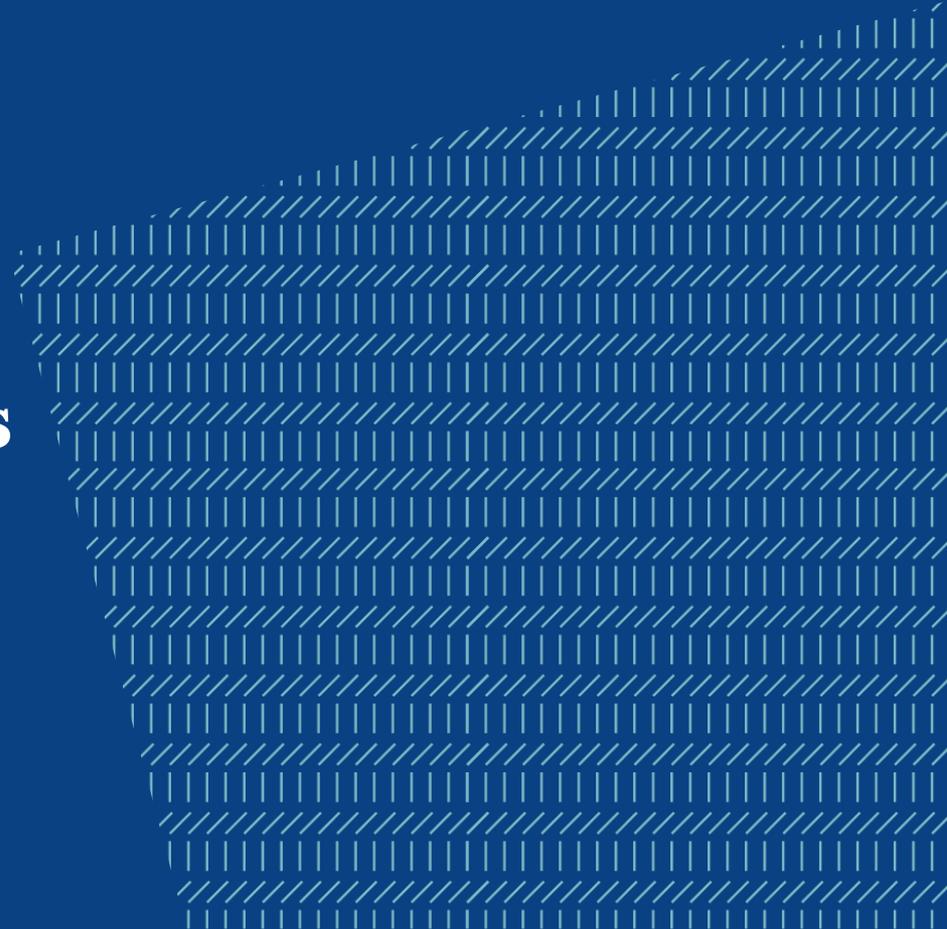
Investigations, 2010-to date

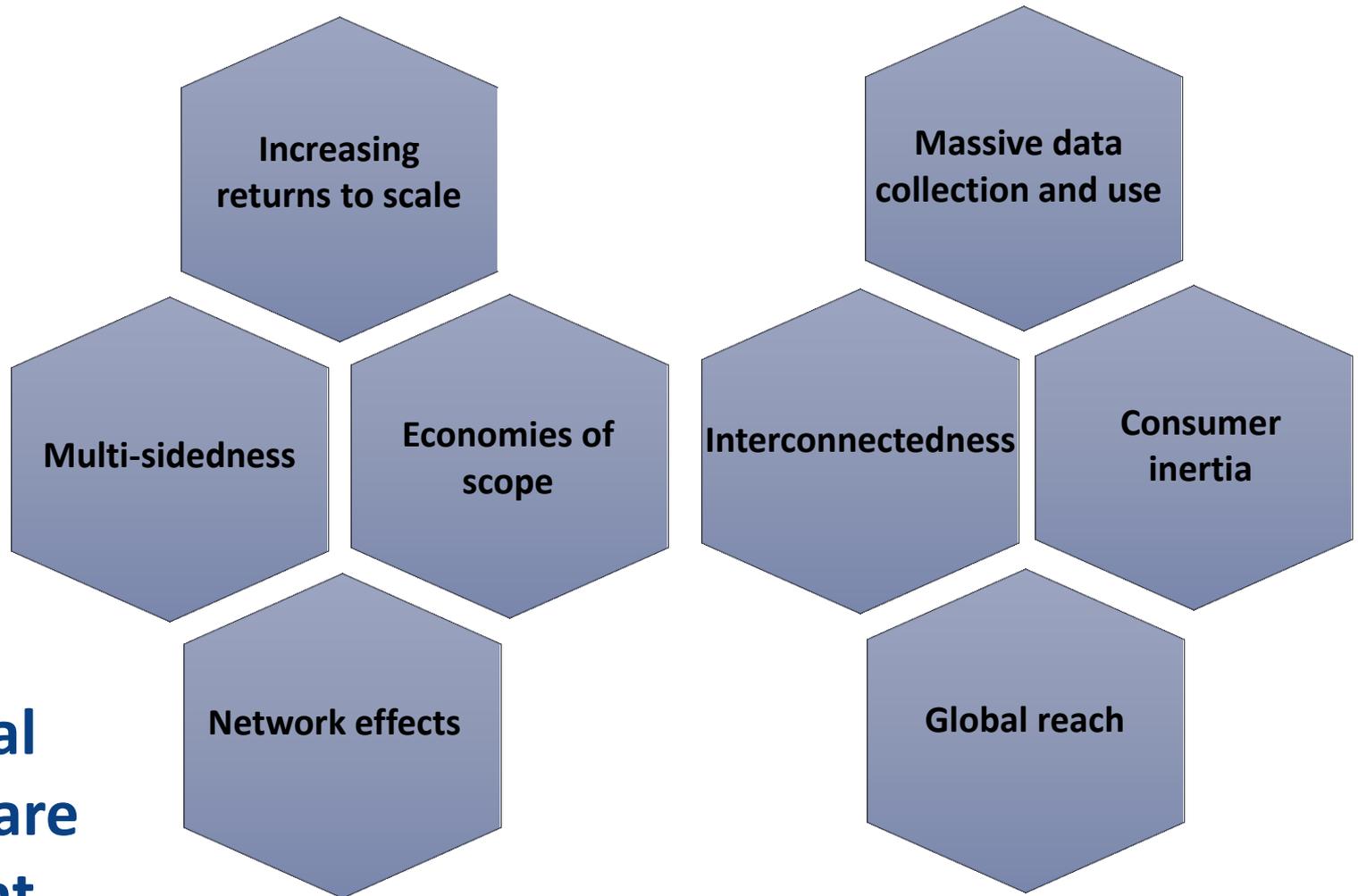




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An emerging consensus





1. Digital markets are different



Markets tip

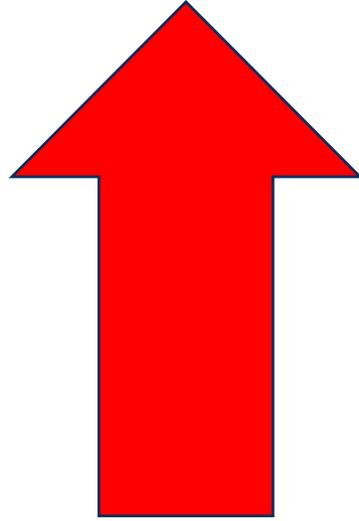


Barriers increase

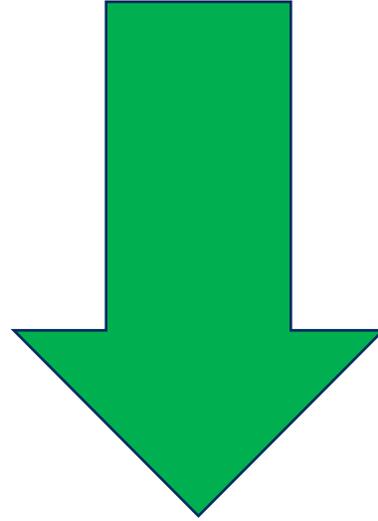
**2. Power and
competition dynamics
are different**



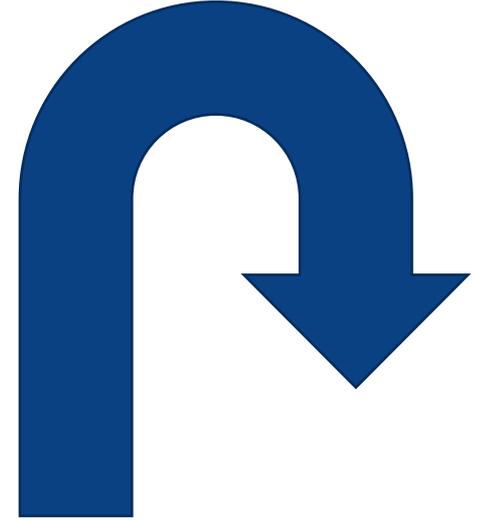
Incentives change



Prices?



Quality?



Innovation?

**3. There are risks
to consumer
welfare**



4. Competition policy goals don't need to change



Broaden market lens

**Recognize intermediation or
bottleneck power**

Focus on non-price effects

**5. The toolkit needs
to be tweaked**

Shift in error cost assessment

Lower standards of proof

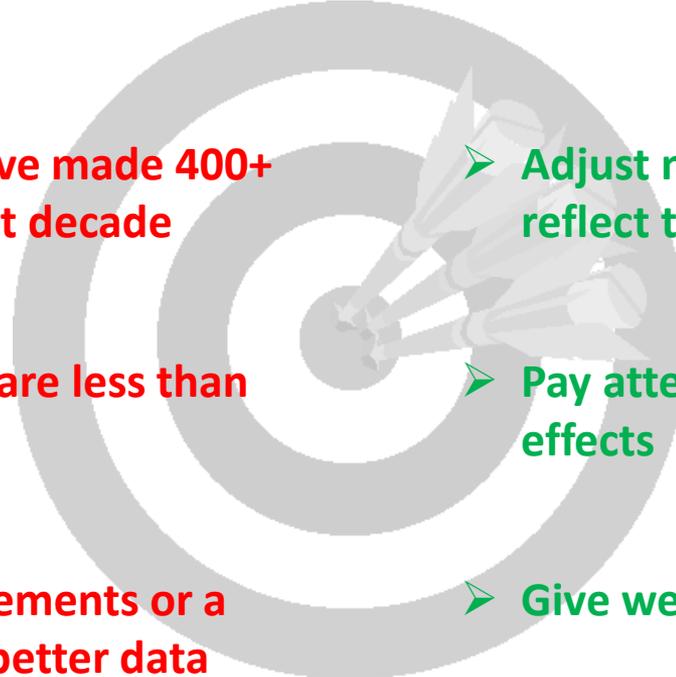
Reversed burdens

Interim measures

Limited appeal rights



6. Enforcement needs to be bolder and quicker

- 
- **Between them GAFAs have made 400+ acquisitions over the last decade**
 - **In 60% of cases, targets are less than 4 years old**
 - **Targets are often complements or a source of more data or better data analytics**
 - **Adjust notification thresholds to reflect transaction value**
 - **Pay attention to data and innovation effects**
 - **Give weight to potential competition**

7. Reform merger control

8. There is a role for regulation



Data portability



Platform rules



Open standards



Consumer settings



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Final thoughts...

“The future is already here – it's just not very evenly distributed.”

