



## No pain, no gain? The Digital Markets Act

by Zach Meyers, 10 January 2022

At the end of 2021, the European Parliament agreed on its preferred version of the Digital Markets Act (DMA), a set of new rules to improve competition online. The DMA is part of the EU's plan to tame the power of big tech firms like Google and Facebook in Europe, and part of a worldwide trend towards stricter competition rules for technology companies.

After years of lengthy competition cases against big tech, the EU law-making institutions want to finalise the DMA quickly. They have designed the DMA as a blunt tool, which will rapidly force digital giants to change their business practices. But the DMA continues to have many critics, including several of the world's largest tech companies.

In this Centre for European Reform policy brief, '[No pain, no gain? The Digital Markets Act](#)', senior research fellow Zach Meyers assesses two criticisms these companies have levied against the DMA: that it will reduce innovation in the long term, and worsen services in the short term.

The author concludes that these criticisms have partial merit and should be carefully considered by EU law-makers:

- ★ The DMA should improve innovation by putting more competitive pressure on big tech's core platforms and improving users' freedom of choice. However, the European Parliament is trying to extend the DMA rules, so they further constrain how big tech firms can develop and promote newer services. Parliament's proposal risks harming innovative and pro-competitive conduct. Recent cases show that EU competition law can already tackle problems with how big tech firms rollout new services – the DMA does not need to address this problem.
- ★ The DMA will worsen services. For example, big tech firms' different services will no longer work together as seamlessly as they do today. This is necessary to introduce more competition, but law-makers need to be pragmatic. If consumer inconvenience is sudden and severe, consumers will hate the DMA. To avoid this outcome, EU law-makers need a broader set of potential exceptions than currently contemplated.

The paper concludes that the DMA's approach of setting a single set of rules for a diverse set of companies is understandable. This approach risks unintended consequences, however, which could lead to pressure to roll back the DMA. EU law-makers should empower the European Commission with more flexibility, to help limit these consequences.

*"The DMA should have some positive effects on competition and innovation," said Zach Meyers. "But it remains a blunt tool which could slow the pace of some innovations and harm consumers in certain ways. To minimise these risks, the EU law-makers should keep the DMA targeted on competitive bottlenecks. The EU should also allow some pragmatic exceptions to keep consumers on-side."*

### Note for editors:

For further information on the new research and to request an interview with Zach Meyers [@Zach\\_CER](#), please contact Rosie Giorgi in the CER press office on [pressoffice@cer.eu](mailto:pressoffice@cer.eu) or +44 (0) 20 7233 1199.

The Centre for European Reform is a think-tank devoted to making the EU work better and strengthening its role in the world. The CER is pro-European but not uncritical. Follow us on Twitter: [@CER\\_EU](#)