

## *Between market recovery and market regulation*

Margarida Matos Rosa

ImpactCEE Conference, Poznań

October 28, 2021

---

*(please check against delivery)*

Dzień dobry, good afternoon everyone.

This conference, Impact'21, is a place for exchanging views that can catalyze innovation and technological solutions. So in case you are wondering what two competition authorities have to offer to such an audience of startups, innovative companies and entrepreneurs, let me address it first.

You know well that your company, startup or not, thrives on competitive environments. Such settings push the company to excel and be more innovative, more efficient and to deliver a better product to customers. And those settings are precisely what we care about.

How exactly do we care for them, how do we nurture them?

You may have heard about competition authorities sanctioning other companies, applying large fines or analyzing large mergers. Competition authorities do that indeed.

But they also do other things.

Such as making sure that markets do not have excessive barriers to entry. In other words, making sure that small, innovative firms can enter any market and can challenge incumbents. Does it sound familiar? It is probably what you do on a daily basis.

So, for example, competition authorities look at how FinTechs<sup>1</sup> can enter markets that may be excessively regulated, to the benefit of consumers.

---

<sup>1</sup> See, as an example, the AdC's work on FinTech (2021):  
[https://www.concorrenca.pt/sites/default/files/processos\\_e\\_decisoos/epr/2021/2021%2520-%2520Fintech%2520-%2520follow-up%2520on%2520recommendations.pdf](https://www.concorrenca.pt/sites/default/files/processos_e_decisoos/epr/2021/2021%2520-%2520Fintech%2520-%2520follow-up%2520on%2520recommendations.pdf)

Another example is: competition enforcers want to make sure that in marketplaces where the platform is both the marketplace and a seller (or a competitor), other sellers have an equal chance to compete on the merits.

These are examples that are important in any circumstance.

I will argue that today, that while countries are striving to jumpstart their economies after the pandemic shock, the principles of competition policy are evermore so important.

Let us see why.

### *Why is competition policy relevant for the economic recovery*

Looking back at the beginning of the pandemic, in early March 2020, no one could have expected the economic upheaval that was going to take place up to today.

From record quarterly declines in GDP to disruptions in supply and a sharp decrease in the consumption of in-person services, the effects of the pandemic were very acute.

In particular, in sectors such as hospitality, transportation, restaurants and in-person recreation.

All this has had a tremendous impact on economic growth.

But I also see this **unique context as an opportunity** that we can seize to build back better.

At a time where vaccination rates are increasing all over the globe, and where over 70% of the EU adult population has been vaccinated [in Portugal, over 85% of the adult population has been vaccinated], allowing for easier in-person interaction, economic recovery is now our collective goal.

Competition policy has a key role to play in contributing to a more innovative and resilient economic recovery.

I will highlight three competition principles or policies that can be embedded in recovery strategies:

- Ensuring competitive neutrality in public financial support to firms;
- Removing, across sectors, unnecessary barriers to entry and expansion, so as to unleash the full potential for recovery and growth;
- Combatting bid-rigging and ensuring competitive and efficient public tenders, given the sizeable public spending and investment head.

This was the focus of a Report by the AdC, issued in June 2021, on the role of competition policy in implementing the economic recovery strategy<sup>2</sup>.

We identified those principles as essential to promote competition, efficiency and innovation, in order to strengthen the path to an inclusive and sustainable economic recovery.

### *How are enforcers ensuring that digital ecosystems are kept open and competitive*

You may have heard of concerns that antitrust enforcers have in digital ecosystems.

But first of all it is only fair to acknowledge that all of us benefit from the many positive aspects of digitization. Many services have become more convenient for us. Many products are now within reach, with little delay. Digital technology has very much changed people's lives in the past two decades. It has also changed business models. These trends have been visible to enforcers, which had put in place dedicated teams before the pandemic.

The pandemic has however, and undoubtedly, accelerated such trends.

And the role that enforcers play in this context is one that ensures that the digital economy works in a fair and contestable way, or in other words, to ensure that digital ecosystems work for everyone.

The digital economy has changed firm's incentives and how they compete, which modified markets' dynamics. For the past few years, discussions have focused on the natural monopoly characteristics of digital platforms, such as the strong network effects that generate winner-takes-all outcomes in digital ecosystems.

We have learnt a variety of important features of digital platforms: how they twist markets in their favor; how consumers are prone to behavioral biases; how platforms levy and monetize their market power; how algorithms can be designed to nudge consumers into doing something, among others.

Such behaviors raise mainly two concerns for enforcers: the risk of abuse of market power in large platforms, and the risk of collusion between firms which operate within the digital space.

Some European initiatives, such as the Digital Markets Act (DMA), are tackling some of these concerns. The DMA aims at preventing so-called gatekeepers from imposing unfair conditions

---

<sup>2</sup> AdC (2021) *The role of competition in implementing the economic recovery strategy*: <https://www.concorrenzia.pt/sites/default/files/2021-AdC-contribution-on-economic-recovery.pdf>

on business users and end-users, and at ensuring the openness of important digital services. It ensures that large online platforms behave without conflict of interest.

The DMA's proposed obligations and prohibitions were built upon the case law practice and investigations pursued by DG COMP and national competition authorities (NCAs) over the years. Together with the Digital Services Act – another European Commission's initiative –, European citizens' main concerns of today can be significantly reduced.

In the context of the DMA proposal, and during the Portuguese Presidency of the Council of the European Union (January to June 2021), the AdC played a key role in launching the negotiation of the proposal.

You may also ask whether antitrust agencies have enough resources and expertise for tackling illegal behavior in the digital scene. Individually, each agency looks small indeed compared to firms that run large platforms. However, antitrust agencies are able to pool resources and knowledge to pursue their goals. Our antitrust networks – both the European Competition Network and the International Competition Network – are thriving spaces of cooperation.

Moreover, at our very own level, the AdC issued a paper<sup>3</sup> in 2019 and prioritized the launch of a digital task force in 2020, so as to promote internal capacity in the digital area. The task force combines the strengths of different departments, bridging them so as to better address potential cases in digital markets. I would also add that, for 2021, the AdC prioritized the investigation of signs of abuse and collusion in the digital environment.

### *The value of nurturing competition*

Summing up, I will say that all of you as startups or mature companies wanting to expand your business to new areas should nurture competition values to your own benefit.

We, as enforcers, want and will play our part in ensuring digital markets remain open and competitive. So that with such competitive settings Europe is a place where you, as entrepreneurs, want to invest and work in.

---

<sup>3</sup> Autoridade da Concorrência (2019), *Issues Paper on Digital Ecosystems, Big Data and Algorithms*  
<https://www.concorrencia.pt/sites/default/files/processos/epr/Digital%20Ecosystems%2C%20Big%20Data%20and%20Algorithms%20-%20Issues%20Paper.pdf>