

UK Establishes New Big Tech Watchdog

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On 7 April 2021, the UK Government announced a new tech regulator to “curb the dominance of tech giants” in the digital advertising space to “promote dynamic and competitive digital platform markets” for the benefit of online consumers and small businesses. The newly formed Digital Markets Unit (the DMU) will sit as its own division within the Competition and Markets Authority (the CMA). The UK Government previously announced in November 2020 that it was creating a watchdog to tackle the perceived harm caused by the dominant market position of a small number of players in the online advertising space that hold strategic market status.

Currently set up in a shadow, non-statutory form pending the granting of full powers, the DMU’s first task is to draw up codes of conduct with a view to governing the relationship between tech firms and their users. According to Andrew Coscelli, the Chief Executive of the CMA, the DMU plans to oversee an overhaul of online advertising to ensure consumers “enjoy the choice, secure data and fair prices that come with a dynamic and competitive industry” with a view to creating a “level playing field in digital markets” in the UK. It is the latest step in a line of actions taken by the CMA to address the findings in its July 2020 market study into online platforms and digital markets, which found that “competition is not working well in these markets, leading to substantial harm for consumers and society as a whole”. The UK Business Secretary, Kwasi Kwarteng MP, has confirmed that the aim of the DMU is intended to be “unashamedly pro-competition”.

In its initial response to the CMA’s invitation to comment back in 2019, Facebook supported increased regulation but argued that a proper market definition analysis would identify that “competition between user platforms is [already] thriving in the UK”.

Whilst the DMU will need to wait for legislators to make any code of conduct law before action can be taken, it is envisaged that the DMU will work hand-in-hand with the CMA enforcement team to continue the CMA’s crack down on digital firms. It remains to be seen how the balance will be struck between the potentially competing demands of making the UK a post-Brexit friendly tech centre, and protecting online consumers.

The CMA’s full press release can be read [here](#).

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