

Germany, France want to curb 'killer' Big Tech deals

May 27 2021, by Alex Pigman



Some EU leaders accuse big tech companies of shutting out competition by buying up promising startups.

The EU's biggest economies Germany and France as well as the Netherlands want the bloc to secure beefier powers to stop startups from

being swallowed by big tech companies.

The joint call came as EU ministers meeting in Brussels on Thursday laid out ambitions for two landmark laws being negotiated that could fundamentally change the way companies like Facebook, Google or Amazon do business.

Ministers from the three countries said a current proposal to stop mergers "lacks ambition" and asked negotiators to toughen the law.

"In order to prevent gatekeepers from continuing to acquire innovative start-ups and thereby eliminating future competitors, it is .. very important that all mergers and acquisitions... are assessed by an EU regulator," a statement said.

At issue is Big Tech's practice of "killer acquisitions"—buying up nascent competitors that have come up with technology that fast becomes essential but which could threaten a giant's existing dominance.

EU regulators believe that Facebook's buyouts of Instagram or WhatsApp, or Google's purchase of Fitbit, are potential examples of big companies buying out a high-potential startup before it developed into a rival.

The EU ministers were discussing the Digital Markets Act, the law being hammered out in the European Parliament and among the 27 member states that will take years to come into force.

It would create a list of special rules for the handful of big technology companies on how they can operate, including stricter obligations on informing regulators of their buyouts and mergers.

At the meeting, EU competition chief Margrethe Vestager insisted that

existing rules already offered ways to intervene quickly against such buyouts when they are notified by national authorities.

This was the case most recently with Facebook's acquisition of software provider Kustomer even though that deal is below the EU's thresholds for notification.

'Race to the bottom'

The ministers also discussed the Digital Services Act that could force Big Tech into providing more transparency on algorithms and better policing of illegal content.

France wants to revisit the EU's long held country-of-origin principle, where enforcement of rules for all of Europe is handled by the national authority where a big company is based.

This principle is at the heart of the EU's GDPR rules on private data, but has faced criticism over how Ireland has handled oversight of Facebook, Google and other tech companies.

"France supports the country of origin principle, but we feel... there are certain additions to be made which balance it out a little," said France's digital economy minister, Cedric O.

He said national authorities should be granted powers for local investigations or in the event of "unjustified inaction by the authority of the country of establishment".

But other countries, as well as MEPs, are very sensitive to giving national authorities free rein to police Europe-wide content on platforms based in their own countries.

"If any particular member state has the possibility to issue a takedown order across Europe, you are creating a race to the bottom when it comes to the protection of fundamental rights," said Czech MEP Marcel Kolaja, who is following the proposals for the Greens.

"It would be too easy to find the country with the least protection on a particular aspect, file the complaint there, and then you take it down in the whole of Europe," he said.

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