

Microsoft and Amazon face scrutiny from UK competition watchdog over recent AI deals

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Arthur Mensch, cofounder and CEO of Mistral AI, attends the UK Artificial Intelligence (AI) Safety Summit in Bletchley, England on Nov. 2, 2023. The Competition and Markets Authority said it's looking into Microsoft's partnership with France's Mistral AI and the company's hiring of key staff from another startup, Inflection AI. Credit: Toby Melville/Pool Photo via AP, File

British competition regulators said Wednesday they'll scrutinize recent artificial intelligence deals by Microsoft and Amazon over concerns that the moves could thwart competition in the AI industry.

The Competition and Markets Authority said it's looking into Microsoft's partnership with France's Mistral AI and the company's hiring of key staff from another startup, Inflection AI. The watchdog also separately announced that it's investigating Amazon's \$4 billion investment in [San Francisco-based Anthropic](#).

Big Tech companies have been pouring money into generative AI startups amid growing public and business interest in the technology, but the investments have also drawn attention from antitrust authorities.

The U.K. watchdog said it was seeking comments from "interested third parties," before deciding whether to carry out an in-depth antitrust investigation.

"We will assess, objectively and impartially, whether each of these three deals fall within U.K. merger rules and, if they do, whether they have any impact on competition in the U.K.," the watchdog's executive director of mergers, Joel Bamford, said in a statement.

Microsoft said it will provide the watchdog with the information it needs to carry out its inquiries.

"We remain confident that common business practices such as the hiring of talent or making a fractional investment in an AI start-up promote competition and are not the same as a merger, the company said.

Microsoft last month hired Mustafa Suleyman, who co-founded Google's DeepMind AI research lab, to head up its consumer artificial intelligence business, along with the chief scientist and several top engineers and

researchers from Inflection, his AI startup.

Microsoft also teamed up earlier this year with Mistral, which has become France's AI darling after being founded only last year. That followed Microsoft's previous existing partnership with ChatGPT maker OpenAI, which is also facing scrutiny from the CMA.

Mistral said it's "fully committed to cooperating with the CMA throughout this process to ensure that our long-term independence and access to the market are upheld."

Amazon, meanwhile, has spent billions for a minority stake in Anthropic. The two companies are collaborating to develop so-called foundation models, which underpin the generative AI systems that have captured global attention.

"It's unprecedented for the CMA to review a collaboration of this type," Amazon said in a statement. "Unlike partnerships between other AI startups and large technology companies, our collaboration with Anthropic includes a limited investment, doesn't give Amazon a board director or observer role, and continues to have Anthropic running its models on multiple cloud providers."

The CMA said it's stepping up its scrutiny of the market for foundation models after it published a report that highlighted the risk that powerful companies could use partnerships with key AI players to strengthen their positions.

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