

G7 Competition Authorities and Policymakers' Summit

Digital Competition Communiqué

Rome, Italy, 4 October 2024



1. We, representatives of G7 competition authorities and policymakers, met in Rome on 3-4 October 2024 to discuss competition concerns raised by the rapid and widespread development and deployment of technologies based on Artificial Intelligence (AI), including Generative AI (GenAI) foundation models and algorithms. The plan to organize this Summit was agreed among the G7 members through the [*Ministerial Declaration of the G7 Industry, Technology and Digital Ministerial Meeting of March 14-15, 2024*](#), following the initial discussions at the G7 Competition Summit in Tokyo in 2023 (see: [*G7 Competition Authorities and Policymakers' Summit Digital Competition Communiqué 2023*](#)). This Summit was hosted by the Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato).
2. AI holds a transformative promise for our societies and economies, potentially increasing productivity, transforming many existing products and services for both businesses and consumers, and bringing to market new innovations and as yet unimagined technological developments across the economy. In a competitive environment, these innovations could result in pro-competitive market conditions, encouraging new entry into AI markets and competition in the development of AI-related technologies and services. It is therefore crucial that we maintain open, fair, and contestable markets in order to ensure that our economies benefit from the innovation that AI can help create.
3. Recognizing the importance of identifying principles that could help AI develop in a safe, secure, and trustworthy manner, G7 competition authorities and policymakers commit to advancing global dialogue and cooperation on AI and competition. We are informed by the principles of fairness, accountability, transparency, and inclusiveness for AI standards identified in the *G7 Hiroshima Leaders' Communique*. In alignment with the [*Hiroshima Process International Guiding Principles for Advanced AI system*](#), we emphasize the need for a coordinated international effort in promoting responsible AI practices.

THE COMPETITIVE LANDSCAPE OF ARTIFICIAL INTELLIGENCE

Certain attributes of AI markets raise competition concerns

4. We recognize that certain characteristics of AI markets, particularly within the Generative AI (GenAI) technology stack, may contribute to the concentration of market power, limit competition, and impede innovation. These characteristics – which include high costs, economies of scale and scope, network and platform effects – may make entry difficult and may reward first movers. The accumulation of proprietary data and the presence of data feedback loops may further exacerbate the tendency to concentration.
5. Availability and access to essential inputs needed for GenAI development, such as compute infrastructure, specialized chips, data, and talent may create competitive bottlenecks and make new entry difficult. These challenges may be exacerbated by partnerships and licensing agreements between AI companies and incumbent technology firms, many of which already possess substantial power within the digital economy due to their ecosystems and accumulated advantages.
6. Early this year, a dedicated G7 Working Group on AI was established among the G7 competition authorities to discuss the potential competition issues related to the AI technology stack and algorithms. Informed by those discussions, we have identified several **significant competition concerns** within AI markets, particularly regarding GenAI. They include:
 - The concentrated control of crucial AI inputs has the potential to place a small number of firms in key market positions. These firms could exploit existing or emerging bottlenecks, reducing competition and restricting market access for new entrants. Additionally, access to energy resources may also become a bottleneck, particularly as AI deployment expands and as AI models continue to increase in scale and complexity.
 - Today’s dominant tech platforms, some of which are active on several layers of the AI stack, may exploit their market power through anti-competitive self-preferencing, tying, bundling, or other practices, effectively limiting consumer choice and raising barriers to entry for smaller firms and start-ups.
 - There is a risk that firms with significant power in existing digital markets could entrench or extend that power into adjacent AI markets. Through network effects, data feedback loops, and cross-ecosystem integration, these firms may be able to increase barriers to entry and stifle competition.
 - The complex array of partnerships and arrangements among large digital market incumbents with substantial resources and AI firms raises concerns that these incumbents could suppress competition in AI-related markets. By acquiring critical

talent from other AI firms and forming strategic alliances, incumbents may be able to avoid merger scrutiny while simultaneously solidifying their dominance and weakening competition in the AI markets.

- The use of AI and algorithms may facilitate collusion between firms, making it easier for them to coordinate prices or wages, share competitively sensitive information, and undermine competition. Collusion is still unlawful when it is carried out via an algorithm. Additionally, there is concern that AI technologies could be used to engage in surveillance pricing and unfair price discrimination, to the detriment of consumers.

Competition risks in AI markets are closely related to and may spill over into other key aspects of our societies

7. We recognize that while AI holds great promise for innovation and economic growth, it also presents a variety of risks to society. These risks may be exacerbated by a lack of competition in AI-related markets. Based on our discussions, we highlight the following concerns:
 - **Human innovation and copyright.** Generative AI systems heavily rely on human creations - knowledge, art, writing, and ideas - for training. In doing so, generative AI systems could harm content creators and innovators, leaving them undercompensated for their work and stifling human creativity and innovation. Further, this risk of harm may be heightened by the absence of sufficient competition, with AI companies exercising monopsony power over creators with respect to the use of their works and preventing smaller AI firms from accessing the same works. By contrast, supporting a competitive market for copyrighted input data could better guarantee a compensation and consent model that further encourages the investment in and creation of even more material for training reliable, safe, and secure AI systems.
 - **Consumer protection.** AI-generated outputs have the potential to mislead consumers, shape their preferences, and prevent them from making informed choices. Ensuring that AI systems do not distort consumer decision-making processes through false or misleading information is critical to maintaining consumer trust and promoting a healthy competitive environment.
 - **Privacy and data protection.** The development and training of AI systems often require the collection, aggregation, processing, and use of vast amounts of personal data. We reaffirm that such data must be handled in full compliance with existing privacy rules and laws. Safeguarding personal data is crucial to maintaining public trust and ensuring that AI development respects individual rights. Healthy competition in

AI-related markets can also help constrain harmful behaviour and enhance privacy protections.

8. Overall, these risks, especially when combined, can significantly affect the diversity of voices, the range and quality of choices available to consumers and businesses, and the quality and reliability of information available to the public. Such developments could undermine informed discourse and concentrate power over information and decision-making processes.

WHAT COMPETITION AUTHORITIES AND POLICYMAKERS AIM TO DO

I. Guiding Principles that help ensure our societies reap the benefits of AI

9. In light of the rapidly changing landscape of AI, we outline the following guiding principles which aim to enable contestability and foster innovation:
 - **Fair Competition.** AI markets should remain contestable and free from distortions caused by competitively harmful behaviours of incumbent companies. We aim to take steps to prevent incumbent digital and technology companies from leveraging their dominant positions to foreclose competition, exploiting existing and emerging bottlenecks across the AI stack, engaging in unfair dealing, and impeding innovation that would benefit competition. Further, firms should not be permitted to use AI, machine learning, or algorithms to circumvent the competitive process, for example, by inappropriately sharing competitively sensitive information or colluding via a pricing algorithm. We will be vigilant in addressing the anticompetitive use of these technologies.
 - **Fair Access and Opportunity.** The scope of barriers to market entry will impact opportunity, innovation, and growth in AI markets. Fair access to key inputs is necessary for the development and deployment of AI systems across the AI stack, from AI chips to foundation models to applications downstream. Openness could help promote entry and opportunity, for example, by requiring some set of the components of AI models, such as training data, to be made openly available. Consumers, businesses, competition, and innovation alike will benefit from the flexibility to switch or use multiple competing AI systems.
 - **Choice.** Consumers and businesses will benefit if they have choices among a variety of products, and they must have access to clear and accurate information to allow them to make informed decisions among AI-based services and products. Diverse business models within AI markets, including public, freely accessible foundation models, licensed models, and proprietary systems can help promote choice and market

resilience. We will remain vigilant in identifying and addressing any threats to consumers and businesses being able to meaningfully make choices among a variety of options.

- **Interoperability.** Interoperability, where possible, and open technical standards, can play an important role in promoting innovation, mitigating the concentration of market power, and preventing consumers and businesses from being locked into closed ecosystems. Similarly, data portability can reduce lock-in and encourage competition. We will closely scrutinize any claims that interoperability requires sacrifices to privacy and security of AI models and systems.
- **Innovation.** Innovation lies at the heart of economic growth, and we are committed to promoting conditions that support the development of new ideas, technologies, and business models within AI markets. New AI technologies should be developed and brought to market with transparency about capabilities and use.
- **Transparency and Accountability.** Transparency is essential to build trust in AI technologies: users should be made aware of the types and sources of data used to train AI models, as well as how GenAI-based services are implemented and used, including the limitations of such systems in terms of accuracy and reliability. We will work to promote competition on these critical dimensions and to prevent potential races to the bottom. AI developers and deployers must be held accountable for the areas they can control, ensuring that businesses and consumers are adequately informed about and protected from the risks and vulnerabilities associated with AI systems.

II. Important role of Competition Authorities and Policymakers in addressing the threats posed by AI

10. We reaffirm our shared goal of using available enforcement and regulatory tools to protect competition in AI markets and to proactively address any risks to competition before they become entrenched or irreversible and undermine open, fair, and contestable markets.
11. **Vigorous Antitrust Enforcement.** While the development of AI products and markets is still in the early stages, the potential societal risks of concentrated market power in AI-related markets and the potential for collusion using AI technologies necessitate careful vigilance. We emphasise the vital importance of vigorous and timely competition enforcement. We are committed to using our respective powers and legal frameworks, where appropriate, to safeguard fair competition in digital markets and AI, and to ensure that the benefits of AI are fully realized and widely available in our economies and societies.

12. We recognise that, in the case of competition law violations, effective remedies need to take into account the specific features of the markets in question, such as network effects and data feedback loops. Within the scope of their available powers and enforcement tools, G7 competition authorities will consider remedies that would seek to restore lost competition in a forward-looking manner.
13. G7 competition authorities will remain vigilant regarding market developments associated with AI systems and products, particularly in relation to partnerships, cooperation agreements, and emerging market structures.
14. **Digital and AI-specific regulation.** We underscore the importance of adaptive and forward-looking policies in digital markets and AI, recognising that our regulatory and enforcement approaches must take into account technological advances.
15. We recognize the potential use of regulatory frameworks and policies to complement competition enforcement efforts. The implementation of digital regulations and new regulatory powers in digital markets in several G7 countries aims to improve competition in and for digital markets. AI-specific regulation and policies, as well as other regulatory and policy approaches, may help ensure AI systems are developed and deployed in a safe, secure, and trustworthy manner. In addition, we value working with the regulatory authorities in our respective jurisdictions to ensure that regulations support competition in AI-related markets by taking into account their effect on entry and participation. For instance, public policies favouring access to supercomputing capacity might alleviate barriers to entry for the development of GenAI models.
16. **Strengthening Digital Capacity.** We will deepen and enhance our understanding of AI technologies, their underlying business models, and associated practices that may create or exacerbate competition and consumer risks and harms. We also commit to ongoing monitoring of market developments in AI in order to anticipate and address potential risks to competition, consumers, workers, and society. This is crucial to preserving a dynamic and contestable AI ecosystem.
17. We share the goal of developing the internal technological capacities of our competition authorities. This includes enhancing digital skillsets and capabilities to better identify competitive issues early and to carry out effective enforcement. G7 competition authorities will use available technology, horizon scanning tools, and enforcement powers to detect emerging competition risks in AI markets and respond effectively to them.
18. **Enhanced International Cooperation.** We reaffirm our commitment to dialogue and knowledge sharing among G7 competition agencies and policymakers. In the rapidly evolving AI and digital markets with global reach, it is essential that we work together, learning from each other's experiences and insights to ensure that our approaches remain effective and aligned with the challenges ahead.

19. These efforts will benefit from the significant experience accumulated by the G7 competition authorities and policymakers in understanding the dynamics of digital markets. We will leverage this shared global expertise to ensure that competition policy and enforcement effectively address and adapt to the challenges posed by AI technologies. Moreover, we recognize the importance of engagement in addressing competition in digital markets and AI, particularly in other international *fora* such as the International Competition Network, the Organization for Economic Cooperation and Development and the United Nations Trade and Development.
20. **Multidisciplinary Approach.** The intersection of AI-related competition and contestability issues with broader policy dimensions calls for a multidisciplinary approach. We will focus on the interplay between different policy areas and seek to promote coordination among regulators and enforcement agencies within our jurisdictions. G7 competition authorities and policymakers will continue to foster cooperation and coordination among themselves and with other regulatory and enforcement bodies, both at the national and international levels. We recognize the importance of the competition voice in broader AI policymaking, and we will promote our perspectives to inform cross-agency deliberations.

III. Next steps

21. G7 competition authorities and policymakers will continue to foster cooperation and coordination on digital competition. We will share knowledge and experiences related to novel policy approaches, existing and emerging technologies, new and revised laws, regulations and other regulatory tools, and enforcement developments in digital markets. Also, we remain committed to timely and relevant enforcement and regulatory action, as appropriate, to protect competition in digital markets in each of our economies.
22. Recognizing the significant value of this forum for enhancing international collaboration and building shared knowledge, we will aim to build on the longstanding efforts of G7 competition authorities and policymakers to date. Looking ahead to Canada's presidency in 2025, G7 competition authorities and policymakers will continue to engage in discussions to identify relevant topics and develop plans for appropriate outcomes.