

THE DIGITAL ECONOMY, INNOVATION AND COMPETITION

Competition in major digital markets differs from competition in more traditional markets. Digital markets often involve platform-based business models, multi-sided markets, network effects and economies of scale which render competition issues more complex. Unlike in most economic sectors, the digital economy is increasingly interconnected and some co-ordination and co-operation between firms could be unavoidable, and may indeed be pro-competitive. High rates of investment and innovation in digital markets have led to rapid

technological progress and innovation has disrupted the functioning of established, and often regulated, markets.

In this context, governments and competition authorities are devoting more and more of their time to intellectual property-intensive and high technology industries. Since the impact of the digital sector extends beyond information goods and services to other areas of the economy, competition authorities are finding questions related to the digital economy to be increasingly significant for their work.

Work on the digital economy, innovation and competition within the OECD Competition Committee

The OECD Competition Committee has been bringing together the leaders of the world's major competition authorities since 1961. It is the pre-eminent international body promoting the regular exchange of views and analysis of key competition policy issues.

Innovation-related topics have been regularly discussed by the Committee since 2002 and the [Digital Economy and Innovation](#) has been selected as one of the Committee's long-term priority themes. Work on the following five streams is now underway.

- 1 Relationship between the digital economy, competition law and innovation** What is the role of competition law in shaping the digital economy? What role should competition authorities play in the digital world?
- 2 Challenges posed to prevailing antitrust tools and approaches** Are existing antitrust tools and techniques suitable for dealing with the digital economy and innovative disruption? Should they be changed or adjusted to the digital reality?
- 3 Practical challenges to competition enforcement** When is the best timing of antitrust intervention in digital and innovation-intensive markets? Is there a need for increased co-ordination between competition authorities in the digital economy?
- 4 Detailed industries and sectors** What happens to specific industries or sectors being disrupted or affected by digital economy? What role for competition in regulated sectors?
- 5 Review of regulations** How should governments review and revise existing regulations to avoid undue harm to competition, entrepreneurship and innovation while ensuring government policy objectives are met?

CHRONOLOGY OF INNOVATION-RELATED WORK BY THE OECD COMPETITION COMMITTEE



More about the digital economy, innovation and competition at oe.cd/249

This work contributes to the OECD Going Digital project which provides policy makers with tools to help economies and societies prosper in an increasingly digital and data-driven world. For more information, visit www.oecd.org/going-digital.

