

Antitrust is the primary consideration in the global digital market

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Abstract: This article argues that antitrust regulation of digital data constitutes the paramount priority for governing the global digital market. It examines how platform giants — particularly the FAMGA firms (Facebook, Apple, Microsoft, Amazon, Google) — leverage network effects, first-mover advantages, and massive user data accumulation to establish monopolistic dominance. Such concentration distorts competition and generates multifaceted harms: economically, through anti-competitive practices like Google's search bias; politically, by influencing democratic processes via algorithmic targeting (e.g., Trump's 2016 campaign); socially and ethically, by eroding privacy protections and enabling manipulation; and culturally, by imposing dominant national narratives (e.g., U.S. cultural hegemony via Netflix in Canada). The paper proposes UN-led global antitrust interventions — including cross-border digital tariffs, SME support, strengthened privacy and data localization frameworks, enhanced data transparency, and robust user rights protection — to rebalance power and safeguard democratic, cultural, and ethical integrity in the digital age.

Keywords: digital antitrust, data monopoly, platform regulation, global digital market, FAMGA, data privacy, algorithmic influence, digital sovereignty

Introduction

In the new millennium, the emergence of the public Internet has brought the global connection between humans and nations to a closer stage (Steenkamp, 2020). People could discuss public affairs and public interests on the internet even if they cannot meet each other (Benkler, 2006). Besides, online platforms have a significant position in involving people in all kinds of online activities including creating cultural content, sharing information, and communicating with each other (Helberger, Pierson & Poell, 2018). Among this, some digital platforms such as Google, Facebook and Netflix could be the driving force to economics, politics, social and media aspect (Enli, Raats, Syvertsen & Donders, 2019). However, users would generate a lot of data when using online platforms and such data is useful for those companies which can collect and analyze it. Based on the background that the process of globalization could accelerate the dissemination and integration of information, many large companies, especially multinational corporations, compete for that information to make profits. Therefore, digital data from network users play an important role in global economics, societies, and cultures (Al-Rfouh, 2017). Furthermore, the online platforms giants have numerous users around the world, thus, they hold most of the digital data in the world. It may lead to large digital companies dominating the global digital markets (Flew, 2019).

Therefore, if I am a transnational policymaker, working for the United Nations, I think it is necessary to regulate large global network companies and globalized digital space in the context of globalization. In my essay, I will argue that the key priority for regulating the globalized digital space is concentrating on antitrust policies of digital data in the global community. Because when the digital data is controlled by large online companies, it would result in an imbalance upon the global digital market and such imbalance may have negative impacts which shall be discussed in the essay.

1. The broader issue relating to the imbalance of the global digital market

Driven by the rapid development of internet technology, the digital economy emerged as a new economic form around the world. According to Chen and Wang (2019), digital information and

knowledge are the main production factors, and the modern information network is the main activity space of the digital economy. The appearance of the digital economy provides a good foundation for digital trade, as He and Hou (2020) states in their research, digital trade breaks through the scope of e-commerce and network economy. In addition, with the help of modern information technology network, digital trade can connect enterprises online and offline, promote enterprises around the world to integrate into the global value chain, and open a new stage of world economic development. Furthermore, digital trade provides a possibility that buyers' data can be matched between suppliers and buyers to accurately and quickly meet buyers' needs (Chen & Wang, 2019). Because of the superior insight of digital technology, the digital economy is becoming the new kinetic energy of the world economy, information infrastructure and digital infrastructure are replacing the traditional form, and the information industry is becoming a leading industry. It forms a digital market (He & Hou, 2019).

In the digital market, user data has become the core of competition in the internet industry. Through a large amount of accumulation and in-depth analysis of user data, operators can figure out some information such as users' preferences, consumption needs, and consumption levels in order to promptly provide personalized products and targeted advertising to users. It is an innovative business model and it could obtain huge economic benefits (Filibeli, 2019). For example, YouTube will constantly collect user's data and analyze their preferences, and such data is useful when YouTube wants to forward advertisements. If done successfully, users will most likely not to skip the advertisement, or even be attracted by the product in the advertisement, then it may lead to the consumption and profit (Arantes, Figueiredo & Almeida, 2016).

However, driven by the platformization and network effects, it is prone to a "winner takes all" monopoly market structure. The more data a company has, the larger its competitive advantage will be. According to Tucker (2019), it seems that the network effect is an important reason for the monopoly market structure. Companies that enter the market first will accumulate a large number of users and user's data in the short term, and those who enter the market later will have difficulty obtaining large amounts of user data. It means that the former has an overwhelming advantage over the latter.

In addition, Flew (2019) states that the line between platform and infrastructure is blurred. It means that platformization is conducive to integrating information and reducing transaction costs. In the platform-based business model, operators are faced with bilateral and multilateral markets, that is, on the one hand, they provide free or low-cost but high-quality services to the vast number of network users. On the other hand, they charge fees from all kinds of service providers such as advertisers. It could achieve cross-subsidies and overall platform profitability. In this case, large platforms may have more sources and data to realize platformization, thus, they may obtain more benefits (Deng & Dai, 2017). Therefore, at this time, there is an imbalanced trend of the global digital market, that is, large network companies control most of the data in the world. Flew (2019) mentioned that there are five large network companies that are so-called FAMGA (Facebook, Apple, Microsoft, Amazon and Google) occupying most of the global digital market share. These five companies occupying a monopoly position in the global data market could be a threat to the global digital market.

2. Negative impacts of imbalance global digital market

As we discussed above, several large online companies have a substantial number of users and data which may gain them the advantage of occupying a monopoly in the world digital market and having a market dominance, resulting in an imbalance in competitions. The resulting damage caused by the imbalance of the world digital market is not only reflected in the economic aspect, but also the political, cultural and social-ethical aspects.

From the economic aspect, Deng and Dai (2017) note that large network companies may use their market dominance position to influence user consuming behavior and suppress other competitors. Take the antitrust case of the EU against Google for example. In 2017, the European Commission issued an antitrust fine of 2.42 billion euros to Google. European Commission determined that Google abused its dominant position in the search engine field and was partial to comparative shopping service within its company. In addition, the European Commission also pointed out that Google deliberately suppresses its competitors in order to strengthen its monopoly position in the digital market. Yang (2019) points Google is one of first search engines entering the data market in early days, so it has a large number of users worldwide. Google completes the original accumulation of big data through the search engine, and it uses its dominant position in the market of search services to gain huge profits through the online comparison-shopping market and online advertising market by in-depth analyzing and applying data of

users. Moreover, Google may use user data to identify the preferences of users in order to manipulate the ranking of search results. Yang reveals that after Google manipulated the ranking of search results, the data flow of its comparison-shopping service in the UK and Germany increased 45 times and 35 times respectively, while the data flow of Google's competitive comparison-shopping service decreased by 85% and 92%.

When referring to the political aspect, Yang (2019) also claims that the monopoly position of large network companies may even affect democratic elections. A long-term research on search engine results shows that the click rate of user for the first three search results exceeds 50%, and the click rate of the first page of the search results accounted for 75%. Furthermore, their opinions are also influenced by the ranking of information on the search results page. These online platforms could influence the views of voters through automatic prompting and recommendation functions using big data analysis, especially when they hold most of the user data around the world and have no comparative competitors to influence. Take the election of Donald Trump for example, Filibeli (2019) suggests that there was a scandal of Donald Trump winning the election in the US. He mentions that Donald Trump and his team won the election by using Facebook to persuade voters and change the election result. Donald Trump and his team used big data algorithms to launch personalized political ads for different voters in order to affect their voting results. Since most American citizens use Facebook, according to Filibeli, a large number of citizens are influenced by political advertisements of Trump and his team and chose to support Trump.

Considering the social-ethical aspect, Zeng (2017) argues that if the digital data is highly concentrated in the hands of several large network companies, it will lead to degradation of the user's privacy protection level. A well-known American privacy law expert Peter Swire pointed out that if the network effect leads to a reduction in the search service providers, it will reduce the motivation of other search providers to compete in users' privacy protection (Harbour, 2017). It is because one of the key points that users pay attention to when choosing a platform is their privacy. If the competition between platforms is fierce, platforms would highly protect user privacy in order to obtain users. From this perspective, user privacy protection would be one of the key factors of competition between network companies. Nevertheless, when only one or a few large network companies occupy a monopoly position in the data market and no other network companies can compete with them, they may not pay much attention to user privacy protection, and even use user privacy to obtain profits (Zeng, 2017). Taking Google as an example, it manipulates the ranking of search results, misleading user's choices, and uses big data analytics to launch personalized ads to users as an example of alleged violations of users' privacy (Xiong, 2019).

When talking about the cultural aspect, although most large network companies are multinational companies, they still have a specific cultural background. For example, the cultural background of Facebook is American culture since Facebook was founded in the US. And large network companies have the majority of users worldwide. In this case, users from other countries would be influenced by the cultural background of the platforms they use. It would be a threat to the native culture of other countries (Zeng, 2017). Take Netflix in Canada for example, the Canadian government has announced a new cultural policy in 2017, titled Creative Canada, because the public is dissatisfied with the high popularity of Netflix in the country. The official believes that Netflix has gained huge profits and posed a threat to the creative cultural industry in their country. In addition, Canada also believes that the American cultural background of Netflix has highly influenced the culture in Canada. In fact, Canada urges that it is necessary to restrict such foreign investments such as Netflix. Although this foreign investment can bring huge economic benefits, it comes at the cost of the uniqueness of Canadian native culture (Schnitzer, 2019).

3. Further consideration

As we discussed above, it is important for the UN to formulate some global antitrust policies in order to regulate the digital data monopolized by large network companies.

Firstly, the UN could impose higher tariffs on cross-border digital products and multinational network companies. This is because higher tariffs may make large network companies reconsider whether they need to attract users worldwide. When large network companies no longer hold the majority of internet users worldwide, with other network companies having the ability to compete with them, they would no longer occupy monopoly positions in the data market (Zheng, 2019).

Secondly, the UN needs to pay attention to protecting the interests of small and medium-sized

network companies in order to give them the capacity to compete with large network companies (Deng & Dai, 2017). In addition, the UN could review antitrust cases, investigate and punish large network companies for abusing their market-dominant position. Furthermore, they could also increase the penalty of antitrust cases to limit large network companies (Xiong, 2019).

Thirdly, the UN should strengthen the tracking of data privacy protection and data localization legislation all over the world, requiring countries to establish independent national institutions to monitor data privacy protection and combine data protection with national security. Because only by enhancing the awareness of the protection of user privacy in various countries can they effectively respond to the collection, manipulation and infringement of user privacy data by large network multinational companies (Yang, 2019).

Fourthly, the UN needs to formulate laws and regulations that strengthen the transparency of the data in the global data market. If new competitors of the digital market have more data such as those relating to consumer preferences, greater transparency can encourage those companies to enter the market better. Moreover, if the information brought by data analysis be more transparent, especially the pricing information of other companies, it would better make other competitors compete with large network companies (Zeng, 2019).

Finally, the UN needs to focus on protecting the rights and interests of users in the global digital markets. In this situation, the UN needs to protect users from online fraud due to divulging user privacy by large network companies. Besides, the UN needs to protect users from being misled and harassed by online advertising as well (Deng & Dai, 2017).

Conclusion

Data is the core element of the digital market. Because of the profound prospect of the global digital market, network companies are competing to get more data. However, some transnational large network companies may occupy a monopoly position which leads to an imbalance of the global digital market. And these companies may abuse their dominant positions to gain huge profits, posing a threat to economic, political, social-ethical and cultural aspects of the world. Firstly, large network companies may gain huge profits and suppress their competitors due to most of the users and data around the world they hold. Secondly, the monopoly position of these companies may affect the democratic election. Also, these companies have numerous data which may threaten the privacy of users, and they even use the privacy of users in exchange for profits. Furthermore, the high global popularity of these companies will also affect the native cultures of other countries.

Considering these negative impacts, the UN could put some regulations in place. Firstly, higher tariffs for cross-border digital products and multinational network companies can be introduced. Secondly, the interests of small and medium-sized network companies and other competitors of the data market could be protected. In addition, strengthen legislative oversight of user privacy protection and data localization worldwide. Moreover, formulating laws and regulations strengthens the transparency of the data in the data market. Furthermore, protect the rights and interests of users in the global digital market.

Project Source

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