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## **Introduction**

Ladies and gentlemen

It's a great pleasure, and an honour, to be here with you today. I want to thank Heiko Maas for those kind words, and for inviting me to join you.

I'm especially glad to have the chance to meet with you, who represent Germany's 230 diplomatic missions around the world, as well as German industry. Because all of us here have an important role to play, to prepare Europe's economy for the challenges of the future.

And in our working day, or just reading the news headlines, we are very often confronted with the scale of those challenges. Today's threats to the system of global trade rules pose a serious risk to growth here in Europe, and throughout the world. Brexit remains a major source of uncertainty. We need to make enormous changes to the way we power the world's economy, to avoid climate change running out of control. And all this is happening at a time when digitisation is transforming our markets – and Europe's future depends on being, not just an industrial powerhouse, but a digital leader.

## **Europe's advantages**

Indeed all these challenges can seem daunting. But it is important to remember that Europe has already proved its capacity to take on big challenges. After all, we built the European Union on the ashes of two world wars. And we have just travelled through the biggest financial and economic crisis since the Great Depression.

And we have a good starting point to also face those challenges ahead of us.

Our Single Market gives the best European companies the room they need to grow and succeed. And by keeping that market open for competition, we support the drive for improvement that makes Europe a world leader in innovation. In fact, in the World Economic Forum's latest Global Competitiveness Report, Germany came on top as the world's most innovative economy, ahead of the United States and Switzerland.

Our international influence gives us the opportunity to shape the world around us in a way that helps to secure our future. As the biggest trading partner for some 80 countries, including the US and China, we have a powerful voice in international trade. And we can use that voice, not just to defend the system of global trade rules, but to make sure those rules provide a level playing field for European business.

Our improving public finances are making it possible for us to invest in the future of Europe – in research and innovation, in skills, in infrastructure.

And – no less importantly – our commitment to the values that built our Europe, to values like freedom and fairness and democracy, gives us the solid foundation we need to shape the digital world. So that digitisation supports people’s freedom and opportunities, instead of undermining them.

### **Platforms and competition**

This is why, in recent years, we’ve been looking very closely at digital platforms. Because those platforms often provide the infrastructure that allows the digital world to work. And that can give them enormous power to affect our lives.

Take Google. Its main platform – the Google search engine – dominates the market for web searches in every country in the single market.

And that’s not the only area where Google is powerful. Some 80% of the world’s smartphones and tablets use Google’s Android operating system, which dominates the market for operating systems that other phone makers can use.

And Google is also an advertising broker in online search advertising. Any company with a search box on its website can turn to Google to find ads that are linked to the things those users search for. And Google dominated this market, too, with more than 70% of the European market between 2006 and 2016.

All these markets are vital to our digital economy. In all of these markets, Google used its power to undermine competition, and keep out innovation.

### **Tackling self-preferencing**

And dealing with these markets has also brought us face to face with the most fundamental questions which digitisation raises.

For instance, many platform businesses act as both player and referee – they run a platform, and also compete with other companies that rely on that platform. There’s

an obvious conflict of interest here, an obvious temptation to adjust the way the platform works, to favour their own services ahead of others.

That's what Google did, when it used the power of its search engine to favour its own comparison shopping service. By doing that, it harmed competition and consumers – which is why we fined the company nearly two and a half billion euros, for breaking the competition rules. And we're looking right now at whether the same thing may have happened with other parts of Google's business – like the job search business known as Google for Jobs.

But this is about more than the competition rules. There's also a broader issue for our societies, of whether we think it's right for companies like Google and others to have such control over the success or failure of other companies, and be free to use that power in any way they like. If we don't, then we may find that we need regulation, to make sure that these platforms use their power in a way that's fair and doesn't discriminate.

And in the end, the best way to protect our interests – as consumers and as citizens – may be a combination of competition policy and regulation.

## **The role of data**

That also goes for the way that we deal with another fundamental issue in the digital world – the way platforms collect and use data.

Platforms like Google or Facebook collect data from consumers – not just the posts we like on Facebook or the searches we make on Google, but much more unexpected things. Like the Onavo VPN app, which users downloaded to hide their browsing from prying eyes – but which also sent information to Facebook about the apps they used, and the websites they visited.

And those platforms also collect large amounts of data from their business customers, through services like Google Analytics, which track how visitors use their site – but at the same time, those trackers pass data to Google.

So these companies are a bit like one of those robot vacuum cleaners, working their way into every corner of the digital world, and sucking up data. Except, of course, that what they're collecting isn't rubbish – it can be a vital way for these companies to outdo their rivals.

The way that these companies collect and use data can undermine competition – and if it does, then we may need to take action, to enforce the competition rules.

But once again, we shouldn't assume that we can deal with all the challenges that digital technology creates for our way of life, just by thinking about how it affects competition. The way companies collect data, the way they use it, the decisions they make about who they share it with – these are all things that can affect competition; but as our world becomes more digital, they're also choices about how our society works. And making sure that these choices don't do us harm will have to be a team effort.

## **International cooperation**

Because we do have the power to shape digitisation, in a way that meets the needs of Europe's economy, and our society. But to do that, we need to work together. And that also means using our influence to build an international environment that helps us reach our goals.

For instance, Europe's governments need fair international tax rules, so that digitisation doesn't allow companies to avoid paying their fair share of tax.

The OECD is leading work to reach an international agreement on taxing digital companies. But we need to help to keep the pressure up, to reach a quick conclusion. That's why Ursula von der Leyen has made very clear that if there's no global solution by the end of 2020, the EU should be willing to act alone.

## **Conclusion**

There's no doubt that Europe has the influence that we need to help us reach our goals. The real issue is whether we can use that influence effectively, to get the best results for Europeans.

That's why Ursula von der Leyen, in her Political Guidelines, has committed to a coordinated approach to Europe's external action. And it's also why Europeans need to work together, at national as well as European level. Because our strength as a Union is multiplied many times over, when we make use of the influence of both Europe and its nations.

In other words, we do have the power to make a difference. We do have the power to make sure that digitisation works for Europe's people, not against them.

There's just one condition. We need to work together.

Thank you.