Digital markets act: Adoption in plenary

In December 2020, the European Commission published a proposal for a regulation on contestable and fair markets in the digital sector, otherwise referred to as the digital markets act (DMA). During its July 2022 plenary session, Parliament is set to vote on the political agreement reached with the Council by its negotiators.

Background
Currently, a small number of online platforms control key digital channels of distribution. This is mainly because of strong network effects (i.e. users are more likely to value and choose platforms with a large user base), the platforms' intermediary role (i.e. between sellers and customers), and their ability to access and collect large amounts of data (e.g. users' personal and non-personal data, and competitors' sales data). In this way, a few large platforms acting as gatekeepers control access to digital markets, with evidence of negative effects on competition. Against this backdrop, in December 2020 the Commission put forward a proposal to make the digital markets in which gatekeepers operate in the EU fairer and more competitive.

Political agreement
Following interinstitutional negotiations, the Parliament and Council reached a provisional political agreement on the DMA in March 2022. In May 2022, Parliament’s Internal Market and Consumer Protection Committee (IMCO) endorsed the provisional agreement (43 votes in favour, 1 against and 1 abstention).

The DMA’s main provisions are as follows:

- **Scope and gatekeeper identification.** The new DMA rules apply to those large companies – designated as gatekeepers – that provide an array of services, including social networks, video sharing, virtual assistants, web browsers, search engines and online advertising. The quantitative thresholds for a company to fall within the DMA’s scope are set at €7.5 billion in annual turnover and €75 billion in market capitalisation. In addition, companies would also need to provide a core platform service in at least three EU countries and have at least 45 million monthly end-users, as well as more than 10 000 business users per year.

- **Obligations and prohibitions.** The new legislation introduces a number of obligations for gatekeepers including an obligation to provide interoperable messaging services (interoperability of social media will be looked at in the next review) and an obligation to ensure that users have the right to unsubscribe from core platform services under similar conditions to subscription. Furthermore, the DMA prohibits various practices such as self-preferencing (i.e. ranking their own products or services higher than those of others) or reuse of private data collected during provision of one service for the purposes of another service.

- **Enforcement.** The Commission will be the sole enforcer of the regulation – with help from a high-level group of digital regulators and in close cooperation and coordination with national authorities. Gatekeepers failing to comply will be subject to fines (up to 20% of worldwide turnover for repeat offences) but also to structural remedies in cases of systematic non-compliance (a fixed-term ban on acquiring other companies).

First-reading report: 2020/0374(COD); Committee responsible: IMCO; Rapporteur: Andreas Schwab (EPP, Germany). For further information see our EU legislation in progress briefing.