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Artificial Intelligence and Competitive Dynamics in Downstream Markets

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Mr Antonio Capobianco [Antonio.Capobianco@oecd.org].

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France

Introduction

1. Since 2018, France has set an ambitious goal of promoting the development and diffusion of artificial intelligence through a national AI strategy. This strategy particularly focuses on strengthening computing capacities, supporting start-ups, and deploying AI models within the French economy. This last objective was reaffirmed by the President of the Republic during the AI Action Summit, held in Paris in February 2025¹. The spread of AI is now placed at the heart of the competitiveness and transformation of French economic sectors.

2. In 2024, according to the National Institute of Statistics and Economic Studies (INSEE), 10% of French companies reported using at least one AI technology, four points higher than in 2023. This trend illustrates the rapid diffusion of AI across a variety of downstream markets such as healthcare, farm sector, banking and finance, the legal sector, and telecommunications². This adoption goes hand in hand with major transformations on these markets, which in some cases are undergoing structural reorganizations. AI tools already facilitate the optimization of industrial processes such as predictive maintenance or product quality control (Gupta, D. R., 2025)³. Therefore, the deployment of AI models on downstream markets enhances the competitiveness of companies. These tools reduce production costs and generate productivity gains estimated at around 20%⁴. AI also helps to redefine competitive dynamics, facilitate the entry of new players on the market and promote the emergence of differentiated business models.

3. However, the widespread use of AI by various economic actors raises new challenges for competition authorities. Indeed, this technology can also lead to competitive imbalances on the market and potential breaches of competition law, due to several factors as inequalities in access to data and the concentration of investment capacity in the hands of a limited number of actors. Artificial intelligence can also increase dependency on cloud infrastructure providers, amplify some network effects, and raise the risk of algorithmic collusion.

4. While artificial intelligence tools are powerful drivers of market reorganization, they also pose new risks of hindering competition law enforcement. Balanced regulation appears essential to preserve the positive effects of this technological revolution while protecting economic actors from potential anti-competitive impacts. In this context, the French competition authorities, the Autorité de la concurrence (ADLC) and the French service for competition policy, consumers affairs and fraud control (DGCCRF), are fully committed to ensure this balance between innovation and regulation and have taken up these new strategic challenges on the downstream markets of AI.

¹ [Statement by Emmanuel Macron, President of the Republic, on artificial intelligence, Paris, February 10, 2025](#)

² [INSEE, Information and communication technologies in businesses in 2024, July 2025](#)

³ [Gupta, D. R. \(2025\). "How Does the Adoption of AI Impact Market Structure and Competitiveness within Industries?", Open Journal of Business and Management, Volume 13, pp. 223-236](#)

⁴ [French Government, national plan "Osez l'IA" \(Dare AI\), July 2025](#)

5. In a first step, this contribution aims at analyzing the pro-competitive effects of AI use on certain downstream markets in France (1), and, in a second step, at examining the anti-competitive risks associated with these technologies as well as the responses provided by French regulatory authorities (2).

1. Artificial Intelligence on Downstream Markets as a Lever for opportunities and increased Competition

1.1. The French legislative framework has removed certain barriers to entry on AI downstream markets, notably through open data and an industrial policy focused on AI development and deployment

6. Access to a large amount of quality data is one of the essential conditions for developing and deploying high-performance AI models. As the OECD emphasizes in its study "Artificial Intelligence, Data and Competition" (2024), the diffusion of AI tends to increase the strategic value of data by enabling its exploitation⁵. Companies must therefore have sufficient volume of data to train their models and offer new innovative services. Thus, access to data is essential to guarantee effective competition between economic actors. This issue is particularly decisive during the fine-tuning stage, where pre-existing models are adapted to specific tasks using additional, specific data.

7. Companies possessing rich and specialized datasets significantly improve the performance of their models. Data also turns out to be a direct lever of competitiveness on downstream markets; a greater number of actors can then develop their own solutions or adapt existing models to their sectoral practices. Democratizing access to data helps to increase competition and diversify the offers available on the market.

8. Aware of this challenge, France initiated an ambitious policy of opening and sharing public data. As early as 2013, a national plan for open data was adopted, one of whose main objectives was to provide new resources for economic and social innovation. In 2016, [Law No. 2016-1321 of October 7, 2016 for a Digital Republic](#), known as the Lemaire Law, accelerated the open data development movement. Since then, all administrations were then required to publish online, in an open standard, their main documents and economic, social, health, or environmental data. The entities subject to this obligation are the State, local authorities with more than 3,500 inhabitants, and public or private law entities responsible for a public service mission, particularly in the transport, energy, water, and waste management sectors. The diffusion of some documents requires nevertheless conditions of anonymization. This openness approach has gradually been extended to specific sectors, such as judicial decisions with [Law No. 2019-222 of 23 March 2019 for the 2018–2022 programming and judicial reform](#), followed by [Decree No. 2020-797 of 29 June 2020 on making judicial and administrative court decisions publicly available](#), or the transport sector with [Law No. 2019-1428 of 24 December 2019 on Mobility Orientation](#).

9. This proactive policy places France among the most advanced states in terms of open data. In 2025, it ranks first for the fourth consecutive year in the European Commission's ranking on open public data policy⁶. It has lowered barriers to entry,

⁵ [OECD, "Artificial Intelligence, Data and Competition", Secretariat Background Note, OECD, Paris, may 2024](#)

⁶ [European Commission, Open Data Maturity Report, 2024](#)

stimulated competitive innovation, and enabled companies, including new entrants, to develop their own AI solutions or adapt existing models to their specific needs.

10. The open public data policy is one of the main pillars of France’s AI diffusion strategy and has been complemented by an ambitious industrial policy aimed at providing companies with computing capacities and AI tools. The French national AI strategy has funded, for instance, multiple public supercomputers on French territory since 2019. These supercomputers provide free computing resources to companies (covering 7% of projects in total) dedicated to AI model development. Thanks to successive expansions funded by the “France 2030” plan, the Jean Zay 4 supercomputer has supported around 1,200 AI projects since 2018⁷. Numerous economic actors, such as Mistral, Orange, Owkin, Aquila, and Qubit, use its computing power to train their models⁸. France is also a member of the European High-Performance Computing Joint Undertaking (EuroHPC) and will host in 2026 the exascale supercomputer Alice Recoque, the second in Europe, financed at €544 million, including €263 million from France.

11. As a continuation of this industrial policy, France has also announced the launch of a new national plan called “Osez l’IA” (“Dare AI”), aimed at accelerating AI diffusion across all French companies. Specific targets have been set according to company size: 100% of large groups, 80% of SMEs/ETIs, and 50% of micro-enterprises are expected to use AI solutions by 2030⁹. The program is based on three complementary pillars: awareness (through a network of 500 AI ambassadors), training (with the creation of an AI Academy), and support (through targeted funding and calls for projects). A budget of €200 million has been allocated for this initiative.

12. These numerous public policies have lowered some barriers to entry through the deployment of artificial intelligence, leading to an intensification of competitive dynamics across a variety of downstream markets.

1.2. Artificial intelligence tools have intensified competition on some specific markets in France

13. The opening of public data and the provision of shared computing infrastructures have profoundly transformed competitive conditions on several downstream AI markets. These levers have helped reduce entry barriers that previously limited the ability of small and medium-sized enterprises to compete with actors possessing significant financial and technological resources. By facilitating access to these strategic resources, the French strategy has contributed to rebalancing the competitive structure in favor of a greater number of economic operators.

14. This evolution has produced real economic effects. The decline in fixed and marginal costs associated with the development and deployment of AI models has led to the emergence of more innovative and competitive solutions. These efficiency gains have fostered the creation of differentiated, often more specialized business models that compete directly with the offerings of incumbent players.

15. These dynamics reflect a structural change on some downstream markets, marked by increased diversification of offerings and the creation of new segments. In France, this reconfiguration is particularly visible in strategic sectors such as healthcare, farm sector, or

⁷ [French Government, Making France an AI Powerhouse, February 2024](#)

⁸ [Institut Montaigne, Digital Infrastructure: A Decisive Plan, March 2025](#)

⁹ [French Government, National Plan “Dare AI,” July 2025](#)

legal services, where the arrival of new actors using AI has strengthened the overall competitiveness of these markets. These markets are now experiencing stronger competitive dynamics, thus illustrating the pro-competitive effects of the public policies implemented.

16. In the legal services sector, the policy of opening judicial public data has enabled the emergence of legaltech companies capable of offering innovative new solutions. For example, the legal services start-up Doctrine, founded in 2016, now competes directly with traditional legal publishers. The company has developed numerous AI tools using public justice data to assist legal professionals at all stages of case handling, including analysis, research, and drafting. The services provided include a drafting assistant and a legal source search tool, services previously provided by other legal publishers without AI models. Doctrine has become a major player at the European level on the legal services market, previously dominated by a limited number of historic actors. Thus, the online legal services market has been restructured, and other actors are now developing and deploying AI models to regain market share. Therefore, AI has redefined competitive balances on a historically concentrated market.

17. In the farm sector, the use of AI tools has intensified competition both within France and across Europe. French start-ups Weenat and Carbon Bee have successfully used public agro-meteorological data to develop AI solutions for irrigation management and targeted weed detection. These solutions have diversified offers on a relatively concentrated market dominated by industrial giants. For instance, the AI tool Meteorica, developed by Weenat, is now used by more than 30,000 users across Europe and analyses over a billion sensor data points daily to anticipate farmers' water needs. Carbon Bee has developed a technology combining hyperspectral cameras and AI algorithms to identify weeds for more precise and efficient treatment. This solution could reduce herbicide use by 60–95%, directly competing with traditional sector companies. The French government supported this company under the “France 2030” investment program¹⁰. Today, industry actors are integrating these solutions into their agricultural machinery, such as the French equipment manufacturer KUHN, which has partnered with Carbon Bee to equip its sprayers¹¹.

18. Finally, the most pronounced increase in competition in France is the healthcare sector, especially due to the emergence of numerous new actors. This is particularly the case in the development of new treatments and medications, where established sector actors face increased competition from new entrants. Many French start-ups are now specialized in creating new treatments and improving diagnoses using AI. Among them, one might mention, for example, Qubits, Owkin, Aqemia, Iktos, One Biosciences, or Cure51. These companies have been able to grow thanks to public health open data and also thanks to public supercomputers, used by Owkin and Qubits. These new entrants compete with established sector actors and push them to modify their development approach. Major pharmaceutical laboratories have signed around fifty agreements with a potential value of 38 billion dollars between 2018 and 2023 with AI-specialized start-ups¹². In France, for example, the pharmaceutical laboratory Sanofi signed agreements with start-ups Owkin and Aqemia in 2021 and 2023 to facilitate the development of new medications. These partnerships allow pharmaceutical companies to take stakes on new market players while

¹⁰ [French government, 115 winning projects as of January 31, 2023, to invest in healthy, sustainable, and traceable food, March 2023](#)

¹¹ [KUHN, I-SPRAY: The future of spraying continues to be written with KUHN, January 2023](#)

¹² [Alexandre Piquard and Zeliha Chaffin, Artificial intelligence as a source of hope for creating new drugs, Le Monde, March 2024](#)

giving these start-ups greater financing capacity to support their research. These new practices are reshaping a concentrated market by enabling the emergence of new actors that drive innovation in a research-intensive sector.

19. Artificial intelligence can be a tool that promotes competitive intensity on many downstream markets through the development of open data and the emergence of new business models. However, this new technology can be a source of anticompetitive practices and can have a direct impact on consumers and companies operating on these markets. New anticompetitive practices are linked to the intensified use of AI tools, requiring an adaptation of competition authorities' practices.

2. Artificial intelligence is also a source of competitive risks on certain downstream markets and leads to an evolution of regulatory authorities

2.1. Numerous potentially anticompetitive practices are emerging on some markets linked to the use of AI

20. Although a significant driver of increased competition, the rise of AI on downstream markets, also creates new anti-competitive risks. As highlighted by the OECD in its study “Artificial Intelligence, Data and Competition”¹³, AI can profoundly alter the market power of some actors when they benefit from strategic advantages related to access to data, infrastructure, or network effects.

21. One of the main risks is the concentration of strategic inputs such as data and computing power. Some sectors remain highly dependent on proprietary data held by a small number of major private actors, making it more difficult for new competitors to enter these markets. This is particularly true in the banking sector and large-scale retail, where incumbent firms have leveraged their investment capacity to deploy new AI solutions. Early adopters of these changes have access to substantial data volumes and privileged user access, strengthening their market power. On some markets, the training and fine-tuning of specific models can only be carried out using private data, which gives companies that hold such data a competitive advantage. For instance, the retail company Carrefour launched AI models as early as 2018 to use information collected at points of sale to improve its logistics. Today, the company dominates the market and successfully leverages data from 10 billion transactions, giving it a competitive advantage over its rivals¹⁴.

22. There is also a risk of anti-competitive practices arising from the position held upstream in the AI value chain by a few dominant players on the cloud market and among AI model providers. Since AI is inherently a cloud-native technology, users of these models on downstream markets generally do not possess the necessary hardware or software infrastructure but instead access the models through platforms operated by a small number of providers (2025 OECD Competition Open Day¹⁵). This structural dependency can create an asymmetry between providers and clients. The French Competition Authority

¹³ [OECD, “Artificial Intelligence, Data and Competition”, Secretariat Background Note, OECD, Paris, mai 2024](#)

¹⁴ [Sylvie Andreau, TGV, concert tickets, e-commerce: the infernal dance of “dynamic pricing.” Le Monde, October 2024](#)

¹⁵ [OECD, 2025 OECD Competition Open Day, mars 2025](#)

specifically identified in its Opinion No. 23-A-08 of 28 June 2023¹⁶, concerning the competitive functioning of cloud computing, the existence of anti-competitive risks to *egress fees*¹⁷ and *cloud credits*¹⁸. These strategies, particularly widespread in the SaaS sector, have the effect of locking users into closed ecosystems and restricting their contractual freedom. Such practices limit competition on the downstream AI markets, where users become dependent on these cloud and AI providers.

23. To cope with these risks, the European level represents the most relevant approach, following the example of the provisions established on the Digital Markets Act (DMA)¹⁹, an asymmetric *ex ante* regulation designed to ensure contestability and fairness on digital markets. In this respect, the full applicability of the regulation to the cloud sector, which constitutes a key technological driver in the development of artificial intelligence is a priority supported by the French authorities, and in particular by the DGCCRF, across all European bodies dedicated to the DMA (Digital Markets Advisory Committee, High Level Group).

24. Thus, France has supported three levels of action. First, for the DMA to apply to the cloud sector, designation decisions must be taken. Although cloud services are listed among the core platform services (CPS) referred to in Article 2 of the DMA, none have yet been designated as a core platform service constituting a “gateway,” meaning that the obligations set out in the regulation do not currently apply to any operator. The DGCCRF therefore advocates for the designation of one or more hyperscalers in order to prevent or regulate certain practices on the cloud market that could harm competition on that market or on related markets (particularly those involving AI models).

25. Furthermore, the concerns already expressed during the preparatory impact assessment for the DMA remain fully relevant since its adoption, and have even been reinforced, as the use of cloud services can create competitive issues across the entire value chain, from training (computing power and storage) to the provision of AI models through Model-as-a-Service (MaaS) platforms, which allow easy access to multiple AI models. These MaaS services (such as Google Model Garden, Amazon Bedrock, and Azure AI) enable companies that store data on the cloud to easily apply foundational AI models to their data. They could potentially be designated by the European Commission as CPS, either as cloud services, as intermediation services, or through the creation of a new category of CPS.

26. Finally, France supports the regulation or promotion of certain practices either by extending, to the cloud sector, the scope of obligations or prohibitions set out in the DMA (such as tying or application portability), or by creating new obligations through legislative acts within the regulation (for example regarding cloud credits), in order to curb unfair practices that could potentially restrict innovation or market accessibility.

27. In addition, other anti-competitive practices on downstream AI markets are receiving significant attention from French competition authorities. This is particularly the

¹⁶ [ADLC, Opinion 24-A-05 of June 28, 2024 on competitive practices in the generative artificial intelligence sector, June 2024](#)

¹⁷ Costs imposed by certain cloud service providers for transferring data off their platforms

¹⁸ Financial allowances granted by cloud service providers to promote and facilitate the use of their solutions. These credits allow companies to access a range of cloud services at no initial cost or at reduced costs to test and integrate these services

¹⁹ [REGULATION \(EU\) 2022/1925 on contestable and fair markets in the digital sector and amending Directives \(EU\) 2019/1937 and \(EU\) 2020/1828 \(Digital Markets Act\)](#)

case for the increasing use of algorithmic pricing systems, which can heighten the risk of tacit collusion. These systems rely on artificial intelligence models and have become widespread on various markets such as transport and music. Such algorithms automatically react to market signals or competitors' behaviour, which can lead to de facto coordination between firms without any explicit agreement being concluded. This ability to adjust rapidly and automatically can facilitate forms of tacit horizontal collusion, such as price stabilisation and alignment of business conduct on the concerned market. Consumers then face higher prices than those that would result from normal competition. Furthermore, these practices may lead to a risk of price discrimination for consumers, with different prices being charged for the same service depending on location, purchasing history, or estimated ability to pay. When widespread, such practices can therefore reduce consumer surplus and lead to inefficient redistribution.

28. French competition authorities remain strongly committed to combating such practices, even though they are relatively difficult to detect due to their tacit and automated nature. **Competition law remains fully applicable.** Rules on anti-competitive agreements and the prohibition of abuse of dominant position can be enforced in these situations, as recalled by Sarah Lacoche, Director-General of the DGCCRF, in November 2024²⁰. This reminder is in line with work carried out as early as 2019 by the French Competition Authority and the Bundeskartellamt in Germany, which highlighted that the use of algorithmic tools, and AI systems in particular, may facilitate collusive behaviour, even in the absence of explicit agreements between companies²¹.

29. To detect and control these new practices, the DGCCRF and the French Competition Authority have reaffirmed the need to adapt their investigative tools by modifying their internal organisation.

2.2. Artificial intelligence and related regulations are prompting competition authorities to modify their internal structure

30. The deployment of artificial intelligence (AI) across numerous markets and the emergence of new related anti-competitive practices have been accompanied by a parallel evolution of the legislative framework. The DMA is specifically designed on an ex-ante and asymmetric regulatory model to better prevent and oversee certain behaviors likely to restrict competition and to address the very rapid pace of activities carried out by major digital platforms ("gatekeepers"). This regulation provides national authorities with new tools to ensure its effective enforcement.

31. In France, [Law No. 2024-449 aimed at securing and regulating the digital space](#), came into force on 21 May 2024, has adapted national legislation by designating the DGCCRF, alongside the Competition Authority, as the authority responsible for implementing the DMA at national level. Upon request from the European Commission, the DGCCRF may provide support in the context of EU-level investigations. Additionally, the DGCCRF now has the possibility to initiate investigations on its own, in coordination with the Commission, regarding potential non-compliance with the Regulation where the Commission itself decides not to launch an investigation.

32. At the same time, the DGCCRF has been designated as the operational coordinator of the various French sectoral supervisory authorities for the implementation of the Artificial Intelligence Regulation and also serves as a market surveillance authority (MSA).

²⁰ [DGCCRF morning sessions. Algorithms, pricing, and consumer manipulation, November 2024](#)

²¹ [ADLC and Bundeskartellamt. Study on Algorithms and Competition, November 2019](#)

In this capacity, its missions will include, on the one hand, acting as the single point of contact between the different French MSAs, and on the other hand, monitoring, within the sectors for which it serves as MSA, compliance with the prohibition of certain practices, the enforcement of specific transparency obligations, and the conformity of certain so-called “high-risk” artificial intelligence systems (in the fields of education and vocational training, toys, radio equipment, medical devices, etc.)²². These new responsibilities are not intended to affect its powers or actions as a competition authority.

33. To implement these various regulatory frameworks, both the DGCCRF and the French Competition Authority have had to adapt their practices and develop new areas of expertise. For example, the DGCCRF has established a digital unit within its National Investigations Service to detect emerging anti-competitive practices linked to the growth of digital technologies and AI. This organizational development also strengthens consumer protection in the online environment. Moreover, in the context of implementing the AI Act, the DGCCRF plans to create a dedicated AI unit to adapt its procedures to the new regulatory framework and to effectively fulfil its coordination role. For its part, the French Competition Authority has developed expertise in anti-competitive practices in the digital sector through the creation, in 2020, of the Digital Economy Unit. This unit is specifically tasked with developing in-depth expertise on all digital-related issues and contributing to investigations into anti-competitive practices within the digital economy.

²²[The authorities responsible for implementing the European regulation on artificial intelligence](#)