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Executive Summary of the Hearing on Artificial intelligence, data and competition

Annex to the Summary Record of the 143rd Meeting of the Competition Committee

12-14 June 2024

This Executive Summary by the OECD Secretariat contains the key findings from the hearing on Artificial intelligence, data and competition held during the 143rd meeting of the Competition Committee on 12-14 June 2024.

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Executive Summary of the Hearing on Artificial Intelligence, Data and Competition

By the Secretariat[1]

The OECD Competition Committee held a Hearing on Artificial Intelligence, Data and Competition in June 2024. Based on the background paper prepared by the Secretariat, written submissions from delegates, and the contributions by expert panellists and delegates to the discussion, the following key points emerged.

1. AI, including generative AI, is an emerging general-purpose technology still in development, but one that appears likely to have an impact across many sectors of the economy.

While AI has existed for many decades, recent developments in generative AI has shown large promise in delivering a technological breakthrough that could have a sizeable impact on productivity across economies. How large that impact will be is impossible to predict, and there remains a wide range of views on how the sector will evolve. Nonetheless, there appears to be enough promise in the technology to consider it realistic that it will be of significance in the future. This could include providing enhanced productivity in a diverse range of tasks and increasing innovation across many fields.

2. Ensuring that the generative AI value chain remains competitive is important to ensure these benefits are realised and many competition authorities are on the front-foot in monitoring developments.

Competition is a process that drives firms towards increased productivity and innovation, as well as increasing the distribution of benefits across economic actors by reducing prices and increasing quality. Therefore, for the wide range of potential benefits of generative AI to be realised and received by as much of societies as possible, generative AI markets must remain competitive. The discussion at the Hearing noted that competition authorities are therefore likely to be proactive in ensuring that they protect and promote competition in this important sector, even if it is still in development.

3. The generative AI value chain is still in development, but several key features already appear to have emerged. These include the reliance on several key inputs, such as data and compute, as well as the interlocking nature of many digital technologies.

The technology and business models of generative AI are still in development, with new ideas and models appearing frequently. Nonetheless, there are some trends emerging regarding the production of generative AI models. To train most of the leading core models, often referred to as foundational models, large amounts of data and compute are required. This requires significant financial capital and human talent. Foundation models can be further refined, to improve performance or specialise, before being deployed to end users, for example as applications or through platforms that allow them to be integrated into existing systems. An interesting feature of generative AI is that even once trained, compute resource is required to produce responses to user prompts.

[1] This executive summary does not necessarily represent the consensus view of the Competition Committee. It does however identify key points from the discussion at the Roundtable, including the views of the expert panellists and the participants' oral and written contributions.

4. There appear to be some potential competition concerns regarding generative AI, many of which relate to adjacencies in existing Digital markets, including access to key inputs, such as data and compute, and interoperability with existing ecosystems. Authorities are also monitoring the numerous partnerships between firms.

While the current landscape for generative AI appears to be largely competitive, with many active models and continuous innovation, the Hearing identified several competition concerns that had the potential to crystallise in the future. It does not appear inevitable that such concerns will materialise in reality, but many delegates noted that there was value in monitoring several areas of generative AI to preserve effective competition. One area of potential concern was if the key inputs required to train foundation models were to become difficult to access for new entrants, for example if access were to be controlled by vertically integrated firms. Another potential concern is that competition could be reduced if entrants struggle to access users, for example generative AI services became part of a bundle of goods or were accessed through ecosystems with locked in consumers. Finally, it was noted that while partnerships between firms in the generative AI could boost efficiency and competition in some circumstances, they also may have the potential to reduce competitive tension between firms or create barriers to entry for other prospective entrants.

5. There are many relevant policy areas considering developments in generative AI, including those relating to labour markets, privacy, intellectual property and the spread of disinformation. While competition may not always be the main policy objective considered as part of broader policy efforts, it is important that the benefits of effective competition are considered as part of those initiatives.

As a new technology, generative AI raises several policy challenges that are generating discussion across governments. This includes policies to consider its potential effects in labour markets, the impact on consumer and citizen privacy, implications for content producer's intellectual property, as well as the potential to increase the spread of disinformation. Regulatory initiatives are under way in many countries seeking to guard against potential threats. In this context, there is a risk that the benefits of competition are not sufficiently factored into future policy decisions, leading to regulations that stifle competition at the expense of future consumers. As such, while it is accepted competition is just one policy objective to consider, competition authorities should seek to contribute to broader policy discussions and continue to promote the benefits of competition within generative AI.

6. Authorities may need to increase capabilities to effectively monitor developments in generative AI. International and domestic co-operation may assist them in meeting these global challenges.

It appears too early to say whether additional competition tools are required to deal with potential competition issues in generative AI, but there was broad agreement on the need for competition authorities to monitor the developments and ensure they are best placed to meet future challenges. To do this, authorities should consider upgrading their capabilities with the necessary skills to track and understand how the marketplace unfolds. Finally, with many generative AI issues likely to extend beyond national borders, and therefore any potential competition issues likely being similar across jurisdictions, delegates noted the importance of ongoing co-operation in this space, both domestically with other regulators and internationally in appropriate fora, including the OECD.