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**Competition in the Provision of Cloud Computing Services – Summaries of contributions**

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This document reproduces summaries of contributions submitted for Item 6 of the 146<sup>th</sup> OECD Competition Committee meeting on 19 June 2025.

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## *Denmark*

Around 70 per cent of Danish firms bought at least one type of cloud computing service over the internet in 2023. Purchasing cloud services is particularly common for larger firms, but even among Danish micro firms (0-9 employees), purchasing cloud services is common.

Several national competition authorities have raised concerns over the state of competition in the market for cloud services. The concerns include cloud customers being restricted with regards to freely choosing providers, switching providers, using several providers (multi-clouding), and/or moving (back) to on-premise or other non-public cloud IT solutions.

The Danish Competition and Consumer Authority (DCCA) carried out a business-user survey in 2024, focusing on competition parameters in the cloud market from the business-user perspective. More than 1,000 Danish businesses responded to the online questionnaire. The DCCA has also conducted a number of interviews with e.g. hyperscalers, business organisations, public sector organisations, as well as Danish and international firms in the IT or IT advisory sector.

The information collected via the survey and from the interviews shows that there are signs from the demand side of the market for cloud services that competition is limited. Technical barriers, lack of transparency and other switching costs appear to restrict the ability to select the cloud setup that is optimal for each cloud customer.

However, the signs are not overwhelmingly pointing towards obvious remedial actions that e.g. competition authorities should take. Fundamentally, while there are signs that there are restrictions to customers' freedom to optimise their cloud use, it is not clear to what extent those restrictions are commercially motivated or e.g. inherent in the technical solutions employed to provide and deliver cloud services.

Furthermore, there also does not appear to be any concrete "low-hanging fruits" regarding how to address the competitive restrictions in the market.

The DCCA considers that the reported lack of transparency for cloud customers to ex ante compare different cloud providers' offerings, and/or ex post understand and assess their current cloud consumption, is concerning. It may very well be that cloud computing just is so inherently complex that it is not possible to meaningfully equip customers with better insight than what is currently available, but the DCCA's preliminary conclusion is that the matter merits further discussion.

## *European Union*

Cloud computing is a transformative technology at the heart of Europe's twin digital and green transition. The European cloud market is fast growing and estimated to reach EUR 200 billion by 2028.

However, there have been growing concerns that cloud markets are concentrated in the hands of a few large operators and may not be functioning as well as they could, for instance because of factors that discourage customer switching or multi-homing. As businesses and public administrations gradually migrate to the cloud activities previously run on their premises, the EU is keen to ensure that they can choose the solution that best meets their needs. The EU employs a range of complementary tools to protect and unlock competition in the cloud.

First, the Commission stands ready to intervene in appropriate cases under antitrust rules and has investigated concerns over vertically integrated operators using their position in adjacent software markets to distort competition in cloud services. For example, in July 2023 the Commission opened proceedings against Microsoft to investigate whether it anticompetitively tied its cloud-based communication and collaboration product Teams with its well-entrenched productivity applications. The Commission is also alert to the risk that large cloud providers may distort competition in other markets, e.g. for AI services, for which cloud computing is a key input.

Second, the Commission is reviewing notifiable transactions under merger control rules to ensure they will not hamper competition in cloud markets. For instance, in 2023 the Commission conditionally approved Microsoft's acquisition of Activision Blizzard after Microsoft offered licensing commitments to address concerns in relation to among others cloud game streaming.

The Commission's enforcement is complemented by targeted ex ante regulation, most notably the Data Act which aims to reduce vendor lock-in and facilitate customer switching, among others by gradually abolishing switching charges. The EU has also adopted the Digital Markets Act (DMA) which lays down obligations for undertakings designated as gatekeepers. While the DMA obligations currently do not directly apply to cloud providers, the DMA provides the option to designate an undertaking as a gatekeeper following a market investigation.

Third, the Commission seeks to protect customer choice in the EU, which includes ensuring that customers are free to choose cloud solutions of domestic providers (e.g., for data residency reasons) or to not migrate some activities to the cloud. To this end, the Commission (i) promotes investments to help develop EU-based solutions in compliance with State aid rules and sector-specific legislation (such as the Important Project of Common European Interest for Next Generation Cloud Infrastructure and Services that was approved in December 2023); (ii) has authorised concentrations with the potential to benefit customers with secure cloud needs (such as the 'Bleu' joint venture of Capgemini and Orange that was approved in June 2023); and (iii) takes due account of the distinct dynamics in cloud and on-premise markets, notably in the context of market definition for the purposes of merger control or antitrust enforcement, which in turn facilitates the investigation of competition concerns specific to each environment.

## France

On June 29, 2023, the French Competition Authority (*Autorité de la concurrence*) published its Opinion 23-A-08, offering a comprehensive analysis of competition within the fast-growing cloud computing sector – today an engine of value creation for Europe’s economy.

The *Autorité*’s opinion focused primarily on the public cloud, particularly Infrastructure as a Service (IaaS) and Platform as a Service (PaaS), which together enable flexible and cost-effective IT resource sharing. Key players in the sector include so-called hyperscalers like Amazon, Google, and Microsoft, whose massive scale and integrated service ecosystems generate significant competitive advantages. These undertakings not only provide essential infrastructure but may also leverage cloud marketplaces and proprietary services that may deepen customer dependence.

The *Autorité* identified multiple competitive risks. One set of concerns relates to the imbalance in the relationships between these large cloud providers and their customers, as well as the use of cloud credits and egress fees, which can limit customers’ ability to negotiate or leave a provider, thereby reducing competitive pressure. Another set of risks arises from barriers to migration to the cloud or to switching among providers. These obstacles stem from technical lock-in, complex proprietary technologies, and commercial practices that further entrench the position of main providers. Finally, the *Autorité* underscored how these dynamics create barriers for smaller cloud competitors, making it difficult for them to gain a foothold in the market.

To address these issues, the *Autorité* emphasized the role of competition law enforcement, including measures to fight abuses of dominance and to scrutinize potential mergers that could reinforce the market power of hyperscalers. It also advocated for the careful application of European and national regulatory frameworks, such as the Digital Markets Act and the Data Act, with a view to ensure competitive balance and consumer protection. In parallel, the *Autorité* expressed concern about the growing role of cloud services in the development of generative AI, noting that hyperscalers may use their infrastructure and technical expertise to lock AI start-ups into their ecosystems through exclusive offers and technical restrictions.

Ultimately, the *Autorité*’s opinion called for close monitoring and targeted interventions to maintain a competitive and open cloud computing environment in Europe, recognising that this sector will remain a critical backbone of the digital economy.

## *Japan*

In the cloud service sector, while the market continues to expand, some service providers that have established a solid presence. These cloud service providers are now becoming important players who provide the foundation of business activities for a number of enterprises, by engaging in digital platform business, either directly or through their group companies, that provide “opportunities” of services to third parties by utilising information and communication technologies, and data. They are providing a wide range of services, ranging from infrastructures as the foundation of information system to applications, as well as data analysis service or platform of IoT/AI in cloud service business.

The Japan Fair Trade Commission (JFTC) conducted a market study in the field of the cloud services and, in June 2022, published a report on its findings. This market study was conducted through interview-based survey with businesses such as cloud service providers (including AWS, Microsoft, and Google, which are increasingly gaining market share in the IaaS and PaaS markets), companies that provide solutions or implementation support for endusers by leveraging cloud service providers' offerings, third-party software vendors, and businesses that use cloud services as customers.

The report revealed the actual state of transactions and competitive conditions surrounding digital platform providers in this field, including the following points:

In the cloud service market, factors such as economies of scale, economies of scope, a wide range of services offered, and indirect network effects contribute to market share concentration. It is considered that the market concentration will likely continue to increase around the three major companies—AWS, Microsoft, and Google—that are already deploying large-scale cloud service businesses and expanding various services utilizing information and communication technologies and data as digital platform providers.

Once a specific cloud service is chosen, transitioning to other cloud services or on-premises systems is generally difficult. For competition in the cloud service market to function effectively, it is crucial that users can sufficiently evaluate and determine the transaction terms, including the specific content of the services, in advance to make appropriate choices.

Furthermore, this contribution paper introduces the following case as an example of a violation of the Antimonopoly Act (AMA) related to cloud services, in addition to the summary of the market study:

A company (MC Data Plus Inc. (hereinafter referred to as “MC Data Plus“))

(Summary) COMPETITION IN CLOUD PAYMENT SERVICES providing services to streamline operations by exchanging labor safety documents via the cloud refused to provide employee information without reasonable justification, citing personal information protection, thereby preventing users from switching to alternative services. The JFTC issued a cease and desist order in December 2024.

## *Korea*

Cloud services, as a core infrastructure of the digital economy, have seen continuous market growth due to the expansion of remote work triggered by COVID-19 and the rising demand for big data and generative AI. However, given the rapid pace of change and the high level of technological expertise required, the sector is considered to have high entry barriers and insufficient competitive pressure. In response, the Korea Fair Trade Commission (hereinafter the “KFTC”) conducted a market study on the cloud service sector in 2022 to analyse the competitive status of the Korean market and examine potential unfair practices.

According to the study, Amazon, the leading provider in the Korean cloud market, held approximately 70% of the market share, while Microsoft, Google, and Naver—ranking second to fourth—have been steadily increasing their shares. This indicates a high level of market concentration. Additionally, clients tend to rely heavily on a single cloud provider rather than multiple providers. Cloud service providers, in turn, are more likely to conduct transactions through partner companies rather than engage directly with clients.

The cloud industry exhibits strong economies of scale due to the need for substantial investment in fundamental infrastructure and R&D. Moreover, it features significant network effects, driven by high complementarity with adjacent software. Technological constraints also result in high switching costs, which can lead to market lock-in. As a result, initial decisions require careful consideration, and a company’s reputation can heavily influence consumer choice.

Given these characteristics of the cloud market, service providers have strong incentives to rapidly increase their market share. To attract new clients, they may engage in practices such as tie-in sales, bundling, and self-preferencing, and they may also strategically raise switching costs to retain existing customers.

Going forward, the KFTC plans to continuously monitor potential unfair practices in the cloud market and explore effective policy measures to strengthen competitive pressure.

## *Mexico*

Mexico's contribution emphasizes the growing importance of cloud computing in the digital economy and the role of competition policy in ensuring fair market conditions. The Federal Economic Competition Commission (Cofece) has taken steps to oversee this sector by reviewing mergers, issuing opinions, and publishing research to promote transparency and prevent monopolistic practices. It also collaborates with other institutions to support digital infrastructure and innovation, recognizing cloud computing as a key enabler of economic growth and technological advancement.

## *Spain*

This contribution by the Spanish National Markets and Competition Commission (CNMC)<sup>1</sup> for the OECD Competition Committee addresses the topic of the Roundtable on “Competition in the Provision of Cloud Computing Services”.

The rapid growth of the cloud services market, fueled by both established businesses and new startups, has attracted the attention of several competition authorities and scholars. In this sense, the literature highlights certain elements that pose barriers to competition in the cloud services market, particularly related to high fixed costs for the entry and expansion of new cloud providers, as well as practices that could hinder switching cloud providers and using multiple clouds (multicloud).

In this sense, the CNMC is carrying out a market study on cloud services, with the aim of examining the different factors that could influence the market’s efficiency and competitiveness. Based on its findings, the CNMC intends to provide recommendations that will enhance competition, foster innovation, and optimise the allocation of resources.

As part of its research on the cloud services market, the CNMC conducted a public consultation in 2024 to collect insights from various stakeholders regarding this market and its current issues. The outcomes of this consultation support the initial assessment, confirming the presence of competitive challenges within the cloud services market, and provides a foundation for the CNMC's market study.

## *Türkiye*

Cloud computing has emerged as a key enabler of digital transformation globally, offering organizations efficient, flexible and scalable information technology solutions. In Türkiye, the sector has gained significant momentum, driven by strategic investments from both the public and private sectors focused on expanding digital infrastructure and improving technological capacity. However, while adoption is accelerating, the market is still in a maturing phase and has yet to reach its full potential compared to global benchmarks.

Türkiye's expanding cloud services market plays a vital role in supporting digital transformation, yet its long-term competitiveness depends on the establishment of effective policy and regulatory frameworks. As the sector matures, core issues such as data transparency, data portability and interoperability must be addressed to safeguard open markets and prevent structural lock-in. Interoperability, in particular, is essential for allowing cloud services to operate across different platforms, thereby fostering supplier diversity and enabling users to switch providers without barriers. These principles are critical to ensuring innovation, consumer choice and competitive pricing in the long run. Although the Turkish market is considered competitive, local providers have raised concerns regarding their dependence on large, integrated players especially where bundled offerings or preferential treatment of proprietary services may limit fair access. Moreover, technical and commercial asymmetries between global and domestic actors can hinder the competitiveness of emerging firms. In this context, stakeholders emphasise the importance of encouraging standards for data portability and open-source compatibility to support a more open and competitive cloud environment.

The Turkish Competition Authority (TCA) has not yet conducted any specific competition enforcement targeting cloud computing services. However, the inclusion of cloud computing services among the core platform services within the scope of the legislative work on digital markets being carried out by the TCA is a subject of discussion. In addition, the TCA plans to initiate a sector inquiry into cloud computing services in 2025 with the aim of developing a comprehensive understanding of market dynamics, identifying potential structural or behavioural concerns and promoting fair competition, innovation and consumer welfare in light of the sector's continued growth. These efforts are expected to guide future regulatory approaches and contribute to the development of a more competitive, transparent and innovation-friendly cloud ecosystem in Türkiye.