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Competition and Agentic AI – Note by Korea

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1. Introduction

1. Since OpenAI launched ChatGPT in November 2022, various artificial intelligence (AI) services have been developed and released by numerous domestic and foreign developers. The number of ordinary consumers and businesses adopting and using AI services is rapidly increasing, as these services offer greater convenience, efficiency, and other significant benefits.

2. In line with growing interest in and demand for AI services, the AI ecosystem has continued to grow, and competition among AI service developers has intensified. These developers are trying to advance AI technology and improve AI services in order to attract users and expand their user base.

3. Agentic AI has recently emerged as a new development. It makes decisions and acts independently to achieve given goals with minimal human intervention. It is expected that agentic AI will have a significant impact on adjacent markets due to its autonomy, while also emerging as a key factor in competition among AI developers.

4. The widespread adoption of AI and advances in agentic AI technology can promote innovation across domestic industries as a whole, providing significant benefits. On the other hand, concerns have been raised that a small number of big tech companies and frontier AI developers may entrench their dominant positions in this market, and that the high level of autonomy of agentic AI may give rise to competition law issues.

5. For a competition authority, an important responsibility is to explore competition policies that can contribute to an environment that promotes fair competition, by proactively examining the structure of AI-related markets and competition law issues that can arise in these markets. The Korea Fair Trade Commission (KFTC) has been conducting market analyses and competition policy research on key segments of the AI ecosystem since 2022.

6. In this context, the following sections introduce a series of market surveys on the AI ecosystem, along with detailed discussions of the research findings and implications from the surveys regarding the agentic AI market.

2. KFTC Market Survey on the AI Ecosystem

7. The AI ecosystem consists of various components, such as computing resources, data, and AI models, which form the foundation for AI services and are essential for learning from massive amounts of data and performing complex inference. AI services are developed and provided based on the close interaction among these factors.

8. Since 2022, the KFTC has conducted market surveys on the AI ecosystem and its key components. Taking into account these survey results and views of industry stakeholders and experts, the KFTC has been conducting policy research to explore policy directions suited to the domestic market.

9. First, the *Cloud Service Market Survey* was conducted in two phases in 2022, with a focus on cloud computing services as a computing resource. The first-phase study surveyed domestic and foreign cloud service providers about their operations, market

shares, and the terms and costs associated with switching cloud service providers. The second phase surveyed firms that use cloud services and business users of cloud marketplaces on the types of cloud services they use, the possibility of switching to another cloud service provider, and whether they had experienced any disadvantages when using cloud services.

10. According to the survey, the domestic cloud service market is highly concentrated among a few global big tech firms, such as Amazon Web Services and Microsoft. The survey found that competition in the cloud service market could be restricted by various constraints, including limited technological interoperability among cloud services, as well as the significant time and costs involved in switching providers and migrating data.

11. In 2024, given that the AI market was still at an early stage of development, the *AI Market Survey* was conducted to review the overall AI ecosystem—e.g., computing resources, data, and AI models and services—without a particular focus on any specific segment of the ecosystem. The research surveyed major market participants across different segments of the AI ecosystem about their operations, transaction structures between the segments, and the competitive landscape.

12. Through these studies and consultations with experts, the KFTC published a policy paper titled *Generative AI and Competition*. The paper analysed how a few companies have strengthened their market positions by leveraging the characteristics of the AI ecosystem, such as capital and technology intensity, economies of scale, and network effects. It also examined concerns that these firms could further entrench their dominant positions through technology licensing or a new type of merger involving the acquisition of talent from newly established AI developers. The paper suggested that a new regulatory framework would be needed to address such mergers.

13. In 2025, the *Market Survey on Data* focused on the data segment, which is an essential input for developing AI models as well as a key source of competitiveness in AI services. The study surveyed domestic and foreign enterprises that collect, retain, and use data in seven sectors—online advertising services, social media services, e-commerce, online search services, online messaging services, app marketplaces, and online video services.

14. Building on this study, the KFTC published policy paper titled *Data and Competition*. It analysed the importance of data as a driver of the growth of the digital and AI ecosystems, as well as concerns that dominant enterprises could further entrench their market positions by monopolising data. The paper also highlighted the need to improve regulatory frameworks to address data-related abusive conduct by dominant enterprises.

15. After the series of market studies on upstream AI markets, including cloud services and data, the KFTC conducted the *AI Service Market Survey* in 2026 to examine downstream AI markets. The survey covered not only developers but also end users of AI services. Based on these surveys, a policy paper titled *Downstream AI Markets and Competition* will be published by the end of this year. It will analyse the analysis of AI service markets and discuss future directions for competition and consumer policy.

3. Analysis of Agentic AI

3.1. Definition and Role of Agentic AI

16. Agentic AI refers to AI that can perform assigned tasks autonomously by employing relevant tools to achieve the goals set by users. Such autonomy is one of the criteria that distinguish agentic AI from existing AI services.

17. When a user asked an AI service to purchase a product that met particular requirements after comparing related products, for example, existing AI services searched product lists on online shopping malls and provided product comparisons and consumer reviews, but stopped short of doing more than summarizing the content. However, agentic AI could go beyond this by adding products that met the user's requirements to the shopping basket and even performing the purchase and payment, thereby demonstrating a greater degree of autonomy than existing AI services.

18. Several AI services currently offer agentic AI functions, such as OpenAI's Dots, Google's Gemini Spark, Microsoft's Autopilot, Anthropic's Claude Cowork, and Perplexity's Comet. Although they differ in the functions they provide and the features they highlight, all can perform requested tasks—such as document preparation, scheduling, and online shopping—on their own with minimal user intervention.

19. To fully realise the autonomy of agentic AI, it is essential for it to connect to other services—e.g., productivity software and online shopping services—as well as to access applications, files, and data stored on users' PCs, smartphones, and other devices.

20. This means that agentic AI's ability to perform tasks autonomously is limited when it cannot access particular applications or data on users' devices, or when it cannot access software capable of processing the assigned tasks. In these cases, the AI cannot perform the necessary tasks autonomously and can only complete them with additional instructions and intervention from users.

21. Agentic AI can bring significant convenience and efficiency to businesses and individuals. On the other hand, its autonomous decisions and actions can lead to results that users never expected, raising ongoing concerns. Despite being granted temporary access to relevant apps and data, AI may send emails or purchase products against users' wishes by bypassing or exceeding the scope of authorised access due to technological errors or system design flaws.

22. For this reason, major agentic AI developers place significant emphasis on the security of their AI services and explain that users' authorisation is necessary to enable their AI to perform assigned tasks autonomously.

Table 1. Security-related Notices from Major Agentic AI Services

Service	Security-related Notices
A	· Service A works in its own cloud computer. Choose which apps to connect, manage permissions, and decide whether to connect your own computer. Set custom rules to allow specific actions, require approval, or block them.
B	· Service B operates strictly under the user's direction. Users have full control over whether to enable its features and which apps to connect. It is designed with safeguards to ensure that users' prior approval is obtained before carrying out important actions, such as making payments or sending emails.

C	· Instead of explaining how to perform a task to Service C, simply tell it what you need. When web-based tasks are required, it opens the browser and takes control of the screen only when necessary. You are always in control.

23. Also, the increasing use of agentic AI may give rise to new liability issues, particularly regarding how to determine accountability for consequences resulting from its autonomous behaviour.

24. One of the major issues from the competition law perspective is whether responsibility can be attributed to users when agentic AI uses the tools to achieve assigned goals and, in doing so, harms competition. Further discussions are needed among competition authorities, the AI industry, experts, and other stakeholders.

3.2. Characteristics of Agentic AI Market

25. The barriers to entry into the market for general AI services are not relatively high, as even small-sized AI developers can develop and launch their own AI services using cloud computing services and AI models provided by other AI developers.

26. However, in order to develop and implement agentic AI with distinctive autonomy and capabilities compared with existing AI services, highly advanced technology is required, as well as integration with different digital ecosystems, such as email services and document editing software. This makes it challenging for small-sized AI developers without sufficient capabilities to enter the agentic AI market.

27. Accordingly, competition in the agentic AI market is concentrated among a few firms, including global big tech firms with substantial capital and technological investments, such as Google and Microsoft, and frontier AI developers, such as OpenAI and Anthropic.

28. Global big tech firms, in particular, are less likely to face difficulties implementing agentic AI, as they have established a secure footing in the existing digital ecosystem—including operating systems (OSs), search engines and productivity software—which means that they have secured a substantial user base, massive amounts of data, and sufficient access to core services.

29. A handful of global AI developers are likely to entrench their dominant positions by gaining an early foothold in the agentic AI market, just as OpenAI secured a large user base and substantially increased its brand awareness by making an early entry into the AI service market through the launch of ChatGPT.

30. Also, an increasing number of firms are expected to adopt agentic AI in their internal systems due to its efficiency gains and cost savings. It is concerning that service providers that gained an early foothold in the agentic AI market by being among the first to supply such services are likely to further strengthen their competitive positions, particularly if their services become deeply integrated into firms' internal systems or switching to other service providers involves substantial time and costs.

31. Meanwhile, agentic AI can have a substantial impact on adjacent markets because of its ability to autonomously navigate across various services to perform complex tasks. For example, ordinary users who use agentic AI to search for information and shop online may have less incentive to visit other services or websites to search for information on their own. This may result in a decrease in advertising revenues generated through service providers' own services or based on their website traffic, making them increasingly dependent on agentic AI service providers.

4. Competition Law Issues Arising from Agentic AI

32. The benefits of agentic AI, including convenience, efficiency and innovation, can be realised when market participants engage in free and fair competition. That is why it is important to establish reasonable competition policies by proactively analysing potential competition concerns arising from agentic AI under competition law and preventing such concerns from materialising.

33. One competition concern is limited access to essential inputs required for agentic AI to perform its functions. Agentic AI can perform necessary tasks autonomously only when it can access data stored on users' devices or integrate with relevant apps and services in the first place. If providers of OSs, apps and services restrict access by competing AI developers, those developers will have difficulty implementing agentic AI.

34. The KFTC examined differences in the levels of access that AI services have to these inputs and their resulting effects on competition through the *2026 AI Service Market Survey* of domestic and foreign AI developers. The Survey found that agentic AI cannot perform its functions effectively without sufficient access to these inputs. Many respondents raised concerns that differences in the scope of access could have a significant impact on market competition.

Box 1. KFTC's AI Service Market Survey: Responses on Differences in Levels of Access

- AI system with sufficient access can function as fully capable AI agents, while those with limited permissions remain confined to assistive functions, such as answering simple queries and summarising information.
- Service providers that are not device or OS suppliers are at a relative disadvantage due to differences in access permissions. In some cases, they are unable to implement functions that users want because of these differences.
- If dominant suppliers of devices or OSs provide their proprietary AI with privileged access permissions that are unavailable to competing AI services—e.g., default designation as an AI service, greater access to system functions, and preferential placement—independent AI developers may be placed at a disadvantage, while consumer choice may be restricted.
- AI that is preinstalled on devices is granted access permissions at the system level, which independent apps cannot obtain, such as voice activation, the ability to change system settings and control other apps, and priority access to hardware resources. This is likely to create an uneven playing field for competing AI agent services in terms of the range of functions they can perform.
- AI agents increasingly need to access external tools, systems, and data to perform tasks in practice, which requires access to relevant application programming interfaces (APIs) and appropriate permissions. If a platform gives preferential access to its own AI while restricting access for competing AI services, this could affect the competitive landscape over the long term.

35. Another key concern from the perspective of competition law is the potential for implicit or tacit collusion arising from the use of agentic AI for price optimisation. As the competitive landscape becomes increasingly complex, enterprises have growing incentives

to adopt and use agentic AI to respond effectively to changes in the external environment and their competitors' business strategies.

36. An enterprise can use agentic AI to optimise its product prices, and agentic AI can compute optimal prices by analysing cost structures, previous pricing patterns, and market demand while predicting how competing enterprises may adjust their prices in response. In this process, even in the absence of agreements among enterprises, implicit or tacit collusion may occur, resulting in prices being set or adjusted to levels identical or similar to those of competitors. Such collusion is more likely to occur when multiple enterprises use the same or similar agentic AI for price optimisation.

37. As agentic AI can be involved in pricing decisions, it may become more difficult for competition authorities to assess enterprises' intent in setting prices and establish liability for price-fixing. Authorities may need to focus more on identifying the structural designs of agentic AI systems, as well as the roles and objectives assigned to them by enterprises, rather than focusing solely on proving explicit agreements among enterprises, in order to establish cartel conduct.

38. Technological incompatibility and restrictions on data portability are also concerning from the competition law perspective. They can limit the choice of agentic AI services available to consumers and businesses, thereby restricting competition among agentic AI developers. Exploitative abuses may arise as users become locked in to existing agentic AI services.

39. Although not many agentic AI use cases have been identified, as the service is still at an early stage, it is expected that agentic AI services will become widely adopted by individuals and business users. As data generated through the use of existing agentic AI services continues to accumulate, both user convenience and switching costs will increase, making it more difficult for users to switch to alternative agentic AI services.

40. If users are restricted from extracting data accumulated through incumbent services, or if interoperability between agentic AI services is insufficient, users are likely to be locked in to incumbent services due to the risk of losing accumulated data, even if they attempt to switch to alternative services.

41. As such, exploitative abuses may occur if transaction structures involving agentic AI become entrenched. Specifically, users may be less able to reject unfavourable changes to transaction terms and may instead accept them, even when agentic AI service providers make unfair changes to service conditions and fees in ways that disadvantage users.

42. With regard to this issue, the KFTC's *2026 AI Service Market Survey* asked enterprises whose products and services are equipped with AI about the possibility of replacing embedded AI with, or switching to, another AI service. Some enterprises responded that replacing the AI embedded in their products and services with alternative AI services is possible but difficult, as it requires technological restructuring, quality optimisation, and reassessment of service stability. It was also found that there is a strong likelihood that these transaction structures will become further entrenched.

Box 2. KFTC's AI Service Market Survey: Survey Responses on the Replacement and Switching of Embedded AI

- Replacement of embedded AI is not easy, as it requires verification during the product development stage to ensure that an alternative is suitable and maintains the required level of performance.
- Replacing embedded AI with AI functions or services that are technologically identical or similar is not easy due to significant switching costs associated with technological restructuring, maintaining and optimising service quality, and reassessing and verifying service stability.
- AI functions or services are deeply integrated into the core user experience (UX) of enterprises' services. Therefore, switching to alternatives requires considerable time and review, even if switching to alternatives with identical or similar functions is not technologically impossible.
    - That is because various aspects need to be comprehensively considered, including (i) speech recognition accuracy and response accuracy, (ii) the scope of integration with navigation, media, and communications functions within the services provided by enterprises, (iii) security and personal information processing systems, and (iv) UX quality and operational stability of the applications.
    - Therefore, beyond the mere possibility of replacement, various aspects need to be comprehensively examined, such as functional suitability, UX, the stability of technical integration, operational costs, and service consistency.
- Replacing embedded AI models with models developed by other developers is technologically possible, even when the former are already in use in products. However, doing so requires a new development process to ensure compliance with the OS policies of automotive platforms, as well as a reassessment of the time and costs involved, compatibility, and AI service quality. This makes replacement difficult and impractical.

43. Agentic AI may harm consumers by distorting their choices. As agentic AI autonomously performs a series of tasks, from comparing products and making purchase decisions to completing payments, it may favour products offered by particular firms that have partnerships or other commercial relationships with the AI developers.

44. Even when consumers trust agentic AI and delegate purchasing decisions to it, agentic AI may not act in consumers' best interests but instead prioritise its own interests or those of affiliated firms, thereby harming consumer rights. Furthermore, this may significantly undermine fair competition in markets for related products by causing consumers to make purchasing decisions based on irrational factors unrelated to product price and quality.

45. Working on the *2026 AI Service Market Survey*, the KFTC also surveyed ordinary users, given the significant increase in individual access to and use of AI services. According to the survey, a number of consumers used AI services to search for and purchase products, as well as to obtain recommendations for bookings.

Table 2. KFTC's AI Service Market Survey: Consumer Responses on Purposes for Using AI Use

Response Option	Share of respondents selecting each item among their top three choices*
Searching for information or getting answers to questions	95.0%
Document writing, summarisation, and translation	61.2%
Product search, price comparison, and purchase recommendations	47.6%
Image, video, and music generation	39.2%
Recommendations for bookings (e.g., travel, restaurants, accommodation, and flights)	27.8%

Note: *Respondents could select multiple purposes for using AI services and were asked to rank their top three choices. The percentages indicate the share of respondents who selected each item among their top three choices. Total number of respondents: 500

46. These survey responses indicate that using AI for product searches and purchase recommendations is more efficient and convenient for consumers than reviewing and comparing detailed product information themselves. Such AI-based product searches are expected to increase further once agentic AI is commercialised.

47. However, a large number of consumers responded that they were unaware that their AI may recommend products associated with advertisements, partnerships, or other economic relationships in the first place and that how advertised products were recommended—accounting for 38.8% and 48.4% respectively. Those who answered that they are not able to differentiate objective product recommendations from product recommendations powered by advertisements accounted for 56.8% (out of a total 500 respondents), which three times as many as those who answered able to differentiate (17.6%).

48. However, a large number of consumers responded that they were unaware, in the first place, that AI might recommend products associated with advertisements, partnerships, or other commercial relationships, or that such relationships might influence product recommendations. These respondents accounted for as many as 38.8% and 48.4%, respectively. Furthermore, 56.8% of the 500 respondents said that they could not distinguish objective product recommendations from those influenced by advertising, more than three times the proportion of those who said they could make such a distinction (17.6%).

Table 3. KFTC's AI Service Market Survey: Consumer Responses on AI Product Recommendations Associated with Advertisements

Response Option	Response Rate (Number of respondents: 500)
Aware of how advertised products are presented	12.8%
Generally aware that AI can recommend advertised products, but unaware of the specific ways in which advertisements are presented	48.4%
Unaware	38.8%

49. Comprehensive analysis of the survey findings indicates that consumers are highly likely to use AI for product recommendations and purchases, but that their rational decision-making is also at risk of being distorted. Consumers may purchase products

without knowing whether a particular product was recommended by AI on the basis of its objective merits or because of its association with AI developers or their affiliates.

50. In addition, agentic AI can add particular products to consumers' shopping baskets, leaving consumers with the simple choice of whether to purchase them without being fully aware of the basis on which these products were recommended. This creates a high risk of distorting consumer choice.

5. Implications and Conclusion

51. Currently, AI technology is advancing towards agentic AI, which can make judgements and perform necessary tasks autonomously, going beyond the passive role of generating and providing content in response to users' requests. However, as discussed above, the growing adoption of agentic AI brings greater efficiency and consumer benefits, while various competition and consumer issues have also emerged.

52. Accordingly, competition authorities need to establish and maintain a balanced approach that enables them to continuously monitor the agentic AI market without discouraging market participants from pursuing technological innovation.

53. Agentic AI can have a significant impact on adjacent digital ecosystems as it emerges as a new interface between users and these ecosystems, including those involving search, product purchases, and document preparation. Therefore, it is important to pay close attention to whether the first-mover advantages enjoyed by a few firms lead to entrenched dominant positions and raise barriers to market entry or expansion in the relevant markets. Particular attention should be paid to ensuring that agentic AI has sufficient access to its essential inputs—such as mobile OSs, existing digital platforms, and data—as well as sufficient interoperability among different AI services.

54. However, relevant technologies and business models in the agentic AI sector are expected to continue evolving, as the relevant markets are still at an early stage of development. Therefore, it is important to take a balanced approach that enables competition authorities to identify anticompetitive risks proactively while avoiding discouraging market participants from pursuing technological innovation.

55. International cooperation should also be strengthened by sharing experiences and information on the development of competition policy and the enforcement of competition law in practice, including specific enforcement cases. The KFTC will remain committed to maintaining and further strengthening its close cooperation with competition authorities in other jurisdictions by sharing its experiences and views on the AI ecosystem, as well as the findings of its surveys.