



## **Korean Online Platform Act a Win for Innovation and Consumer Freedom**

*By Gene Burrus, Founder, Burrus Competition Strategies, Global Policy Counsel, [Coalition for App Fairness](#)*

The Korean Assembly has officially joined the list of legislatures and regulators around the world seeking to unleash innovation and level the competitive playing field for consumers and businesses in the mobile app ecosystem and other markets dominated by digital gatekeeper companies.

The Assembly is now considering a [new law](#) that could create a fairer and more competitive environment for mobile app developers in Korea. In recent years, developers in Korea and around the world have been subject to artificial, arbitrary, and anticompetitive constraints imposed by the companies that control mobile operating systems. This law would provide the government new tools to quickly and effectively stop this abusive behavior, freeing developers to compete with the world's largest companies, and serving as a boon for both Korean businesses and consumers.

Smartphones have become the primary way people access the internet and are integral to daily life for billions of consumers globally. But the mobile ecosystem is currently broken and is dominated entirely by two powerful companies.

The broken nature of these mobile markets are well studied and universally recognized. Governments around the world, including Korea, have studied these mobile markets in depth and concluded that dominant mobile app stores are rife with abuse that stifles competition and innovation. The gatekeeper companies artificially limit competition on mobile devices, extract monopoly rents from developers, degrade user experiences, stifle innovation, and force small developers to hand over their precious non-public business information. Multiple jurisdictions have all recognized that government intervention is necessary to stop the abuses and restore competition, and that new legal tools may be necessary to adequately and timely restore fairness and competitiveness to these markets.

Some of Big Tech's defenders have already begun attacking the proposed law because they know that it will force them to give up their control of the mobile app economy and chip away at their astronomical profit margins. We've seen this playbook in other

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jurisdictions like the European Union, United Kingdom, and United States. The Korean Assembly should not be deterred by the hollow arguments of these detractors.<sup>1</sup>

Critics argue that Korea's new bill is unnecessary, discriminatory, and will threaten trade relations between Korea and the United States. They also argue that recent legal and legislative developments in the U.S. and elsewhere prove that the new law is misguided. None of these arguments hold water. The Digital Markets Act (DMA) is now being enforced in Europe and Apple's mobile gatekeeper platforms have been the first to be [targeted for non-compliance](#). The UK recently passed their [Digital Markets, Competition and Consumers Act](#) and are rapidly moving towards enforcement. And in the US, similar bills like the Open App Markets Act (OAMA) and the American Innovation and Choice Online Act passed out of congressional committee with strong bipartisan support, while the U.S. Department of Justice (DOJ) pursues cases against both Apple and Google under existing law. American lawmakers, regulators, and enforcers agree and the last few years have solidified the international consensus that these markets are broken and are in desperate need of correction. This conclusion and the realization that action is necessary is not a partisan issue. Republicans and Democrats in the U.S. have supported legislation and action with OAMA passing out of committee with a 20-2 vote. The DMCC in the UK passed in a Conservative government with broad support from Labour. And the DMA in Europe passed with an overwhelming 588 to 11 vote in the European Parliament. Few issues have garnered such a broad consensus.

The Big Tech critics of these efforts also ignore history. We know that the kind of intervention into dominant platforms contemplated by this new law works to unleash innovation because it has done so before. Thirty years ago, Microsoft occupied a similar position of control over internet access with the Windows operating system platform. At that time, at the urging of companies in Silicon Valley, the U.S. DOJ, European Commission and other competition enforcers took action to limit the power and abuses of Microsoft.

As a result, innovators, Apple and Google in particular, were able to freely build innovative businesses serving customers on Windows computers without interference by Microsoft. There is no doubt that the U.S. had a robust tech industry at the time, but the actions of the U.S. DOJ opened the door to an explosion in innovation and businesses. This government intervention constrained the power of the dominant gatekeeper at that time, and paved the way for even more consumer benefits than ever before, including most prominently the successes of companies like Apple and Google, ironically enough.

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Today we find ourselves in a similar situation. Internet access has moved from PCs to mobile devices. Right now, two dominant firms control that access entirely. Despite widespread recognition of their abuses, Apple and Google were, for far too long, untouched by enforcers. For consumers and developers to have the opportunity to benefit from a thriving mobile economy – like the opportunity Apple and Google had in the early 2000s – laws like the one currently being considered by the Korean Assembly that would restrict the conduct of true digital gatekeepers need to be passed.

That consumers and developers in Korea and around the world have had to endure more than a decade of monopolistic abuses shows why new laws, in addition to existing competition laws, are necessary. Absent action, independent Korean developers will have their success and opportunities limited by the interests and actions of two dominant companies. Reining in the power of these dominant platforms will open the mobile ecosystem to free and open competition and innovation, just as reining in the power of Windows 25 years ago opened the door for an explosion of innovation and independent success. The need is clear, the benefit is clear, and countries around the world are mobilizing to act. Some of the benefits from recently passed legislation are already beginning to be felt. For example, Korean app store competitor One Store [recently announced](#) that it intended to enter markets in the EU which have begun to be pried open by the DMA.

In response, Gatekeeper companies and their spokespeople are engaging in scare tactics to avoid regulation and competition, like they have in other jurisdictions around the world. Among these tactics are empty "doomsday" threats that users' privacy and security will be compromised if they are forced to compete. The reality is the opposite. Competition is the only reliable means to ensure that important considerations like privacy and security are prioritized, and enforcers like the CMA in the UK have studied these markets and [concluded](#) that "there is significant scope for allowing more competition and removing or revising many of the current restrictions without compromising safety, security, or the privacy of people's data."

Finally, this kind of regulation will help align Korea with regulators in the EU, UK and the U.S. who are taking steps to rein in the market power and abuses of Apple and Google. To be clear: Apple and Google are not the United States. Just as a number of U.S. companies – including Apple and Google – encouraged strong enforcement against a U.S. company,

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Microsoft, 25 years ago, *all* independent developers will benefit from this kind of regulation regardless of their nationality, including many U.S. companies. By adopting this legislation, Korea would help set a standard for digital market fairness, and encourage other countries to follow suit. This would strengthen the alliances with countries that value innovation, consumer choice, and fair competition.

The Korean Assembly's proposed law is a forward-thinking measure that promotes innovation, consumer choice, and fair competition in the digital market. By loosening the control of dominant players, the legislation could create a more open and dynamic ecosystem where innovation can thrive and consumers reap the benefits.