Proposal would give EU power to boot tech giants out of European market

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The EU wants to arm itself with new powers to take on big technology companies, including the ability to force them to break up or sell some of their European operations if their market dominance is deemed to threaten the interests of customers and smaller rivals.

EU Commissioner Thierry Breton told the Financial Times that the proposed remedies, which he said would only be used in extreme circumstances, also include the ability to exclude large tech groups from the single market altogether.

In addition, Brussels is considering a rating system that would allow the public and stakeholders to assess companies' behavior in areas such as tax compliance and the speed with which they take down illegal content.

"There is a feeling from end users of these platforms that they are too big to care," said Mr. Breton, who is leading the overhaul of digital rules in the bloc. "[Under] certain conditions we may also have the power to impose structural

separation.”

His comments followed a public consultation on the EU’s forthcoming Digital Services Act, which will set new rules on platforms’ responsibilities in dealing with illegal content and disinformation online.

The DSA will update the e-commerce directive, adopted in 2000 when most of the dominant players in the sector were either in their infancy or did not yet exist.

Large technology companies are under pressure from regulators elsewhere. In the UK a new watchdog will have the ability to impose fines without having to go through the courts, as is currently the case. And in the US, tech founders, including Amazon’s Jeff Bezos and Mark Zuckerberg of Facebook, struggled to convince members of Congress that they had been driven by more than self-interest when building their digital empires.

The new EU legislation would increase Brussels’ powers to scrutinize the way technology companies gather information on users, following concerns raised by independent researchers that the voluntary disclosures groups make are often misleading or partial.

Mr. Breton confirmed that the EU would not remove the limited liability that companies have for the content published on their platforms. “The safe harbor of the liability exemption will stay,” he said. “That’s something that’s accepted by everyone.”

However, regulators in Brussels are drawing up a blacklist of activities that technology companies would be required to stamp out. They are proposing a sliding scale of penalties for non-compliance, up to and including the separation of some operations. Mr. Breton said draft legislation will be ready by the end of the year.

Activities that could lead to tougher sanctions include

companies preventing users from switching platforms or forcing customers to use only one service, he added.

Mr. Breton compared the power of the big platforms with that of the banks before the financial crisis, saying regulators need to take similar steps today to rein them in.

“It’s like for small banks and big banks you don’t have the same rules—you have more flexibility for the smaller players and of course when you become a systemic [bank] you have a [different] set of rules,” he said.

Mr. Breton said the new system of oversight will be based on a collective effort between national governments and the EU.

“We need better supervision for these big platforms, as we had again in the banking system [after the financial crisis],” he said.

Proposals are being finalized, and once they are agreed they will go through the European Parliament and the European Council.

One EU official warned that Brussels will need to strike the right balance. “Going overboard can also backfire and you score an own goal,” the official said. “On the other hand, too low an ambition will not address the concerns [about Big Tech].”

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