

**NEWS – ECIPE PRESS RELEASE – NEW POLICY BRIEF**

# **Online Platform Regulation and Investment Attractiveness: A Look at the EU, the UK and Impacts on Small Open Economies**

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**Brussels, 31 August 2023** - Small trade- and investment-focused economies, like the United Kingdom (UK), are urged to make informed choices when considering regulations on online platform services, according to a new ECIPE policy brief.

***"Relying on presumptions instead of evidence of consumer harm could deter investments in business expansion and innovation, especially in technology-driven sectors,"*** says Matthias Bauer, author of the report.

Amid global efforts to formulate competition policies targeting large digital platforms, the rationale behind these regulations remains ambiguous. While concerns about societal impacts and data security persist, instances of consumer harm – historically a driver of competition enforcement – are rare. The success stories of major tech platforms illustrate their positive contributions to various industries, benefiting millions of business users and driving productivity growth.

A crucial but often overlooked consequence of platform regulation is its impact on a nation's investment attractiveness. While the negative effects on investments by regulated companies are evident, the impacts on businesses extensively leveraging platform services for cost reduction, innovation acceleration, and market expansion are less visible.

The authors of this [policy brief](#) highlight that access to global online platform services significantly enhances a country's investment attractiveness, particularly the investability

smaller economies. Access to global integrated platform solutions fosters economic opportunity, investment, and value creation.

In this context, the UK's competition policy risks being driven by institutional interests and ideological considerations. **To remain attractive to investors, policymakers in the EU and the UK need to pay attention to critical economic impacts and legal uncertainties from competition policy, which ultimately impact strategic investment decisions. These include venture capital investments, investments in start- and scale-ups, and investments by larger technology companies in opportunities to innovate and grow across borders.**

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