U.S. Chamber of Commerce

1615 H Street, NW
Washington, DC 20062-2000
uschamber.com

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UK Competition Markets Authority
Response to "Consultation: Steering Conduct Requirement"

The U.S. Chamber of Commerce ("Chamber") is the world's largest business federation, representing the interests of more than three million enterprises of all sizes and sectors. As a staunch advocate for strong commercial ties between the United States and the United Kingdom, the Chamber established the U.S.-UK Business Council in 2016. The Council is dedicated to strengthening the commercial relationship between our nations and advancing our shared interests.

The Chamber recognizes the substantial economic impact generated by the close ties between the United States and the United Kingdom. Our nations have invested over $1.35 trillion in each other's economies, creating nearly 2.8 million British and American jobs. We are each other's strongest allies and single largest foreign investors. The U.S. serves as the UK's largest trading partner.

On competition policy, the Chamber supports the International Competition Network and its principles of non-discrimination and procedural due process. We advocate for sound policy frameworks that support economic growth and foster innovation. We are committed to engaging in a constructive dialogue to develop effective policies that benefit both countries. We also recognize the significance of your ambition to establish the UK as a global hub for technological innovation and investment.

Against this backdrop, the Chamber welcomes the opportunity to provide His Majesty's Government with our perspective on the Competition Markets Authority's consultation regarding "Steering Conduct Requirement." Although we understand the CMA's goals, we have significant concerns regarding the basis for the proposal, its motivations, and its potential to harm both consumers and the competitive process. We detail these concerns below.

I. The Consultation Fails to Identify a Competitive Harm That Would Justify a Sweeping New Regulatory Regime

A country should intervene with new regulations only if the evidence shows that the marketplace is producing poor results for consumers and that those problems cannot be addressed via existing laws and enforcement tools. Otherwise, new regulations could harm consumers and reduce growth with little or no corresponding benefit.

Competition law, of course, should promote the welfare of the consumer, rather than individual competitors, and the consumer's interests in terms of price, quality, and other competitive factors. Such a policy relies on competitive forces to police the market, avoids picking winners and losers, and acts only to ensure that the competitive process is benefitting consumers via such objective metrics as low prices, high output, quality products, and innovation of new products. The dynamism and pace of change in many markets, especially digital ones, are all reasons to *avoid* the imposition of a highly prescriptive regulatory regime. Dynamic markets are very likely to adjust on their own, whereas regulation may cement the status quo.

Here, the evidence suggests that competition is flourishing in the app store ecosystems for both consumers and developers. Around the globe, Apple and Google's app stores together host over four million apps, with each platform adding roughly 1,700–2,000 new apps every single day, a volume expected to grow significantly due to advances in AI-assisted software development. In 2025, users downloaded 149 billion apps globally across both platforms, and total time spent in mobile apps reached 5.3 trillion hours, with the average user engaging with around 34 apps per month. These numbers reflect a thriving market: developers are successfully reaching vast global audiences (many profitably), consumers are engaging with apps at record levels, and the platforms continue to invest heavily in the tools, infrastructure, and security that enable growth.

Competition is also flourishing within the UK. According to Business of Apps, the UK app market generated $4.8 billion in consumer revenue in 2024, a 9% year-on-year increase. Apps were downloaded 2.2 billion times in the UK in 2024, and the broader mobile app market has grown at a compound annual rate of nearly 13% over the past five years. On the developer side, 42matters identifies over 6,200 active British app developers on Google Play, generating £770 million in revenue for UK developers in 2025, while Apple's App Store facilitated over £46.5 billion in UK billings and sales in 2025, of which 96.5% accrued to developers. 58% of British publishers have released apps on both platforms. The wider UK mobile economy is worth £104 billion, with developers and the broader e-commerce industry contributing £73 billion, 2.5% of the UK's GDP. This is projected to grow by 16% to £120 billion by 2030.

This trajectory of sustained growth—in users, spending, downloads, and developer activity—does not reflect a market in need of intervention, but rather a thriving ecosystem that is delivering real and expanding value. Indeed, the consultations offer few complaints about the price, quality, and variety of options available to British consumers. Instead, they speak primarily in terms of the revenue goals of developers, who are naturally heavily incentivized to reduce costs.

Beyond these robust indicia of healthy competition, another factor belies the need for regulatory intervention: developers already retain substantial commercial autonomy to reach consumers through a wide variety of channels beyond the app stores themselves. Those options include the developers' own websites, email promotions, internet advertising, and web stores. Major developers already transact with users off-platform in large volumes.

The CMA's own principles—proportionality, predictability, pace, and process—counsel against intervention where the evidence does not support it, consistent with the Government's strategic steer. Moreover, the DMCCA requires the CMA to establish that any Proposed Conduct Requirement is proportionate (effective in achieving its aim, no more onerous than necessary, and the least onerous of equally effective options) before it may intervene, yet the evidence points in the opposite direction. Output is rising. Developers retain meaningful commercial freedom to reach consumers and generate revenue outside their respective app stores. There is no evidence that the Proposed Conduct Requirements would deliver outcomes superior to those already being produced by the market; they instead risk disrupting a well-functioning ecosystem without any corresponding benefit to the developers or consumers.

II. Competition Policy Should Not Selectively Target Certain Firms

The DMCCA is predicated on the goals of competition policy: promoting consumer welfare, protecting the competitive process, and ensuring that market remain open and dynamic. Those goals counsel against the application of *ex ante* competition regulations to selected companies based on artificial criteria. Such requirements are likely to hinder innovation, deter investment, and limit the ability of companies to respond swiftly to evolving market dynamics. Moreover, where conduct requirements are not calibrated to identified harms and instead impose broad obligations untethered from market realities, regulators risk creating a series of perverse incentives antithetical to open and competitive markets. The Proposed Conduct Requirements, as currently calibrated, carry these risks:

- Incentivizing competition will not be served to the degree that an *ex ante* approach is taken that only captures select—and often the largest—players in a given market. Not only does such a regime punish success on the merits, which chills competition, but burdening the most successful players with special responsibilities with respect to competitors and those that use their platforms to sell goods and services will lead to those captured platforms becoming even more essential in the marketplace. It will disincentivize other platforms from competing unless they can offer the same benefits as those that are regulated, and bring about regulatory capture, in which the regulated are able to entrench their market positions.

- There could be an adverse impact on existing players, including both British and foreign companies, as they may be restricted from improving their products. In the EU, such *ex ante* regulations have discouraged companies from introducing the latest versions of products there. For example, regulators' refusal to accept proposed privacy and security safeguards prevented the launch of an AI-powered virtual assistant on mobile devices in the EU, despite the feature being available elsewhere. Digital markets evolve quickly; legislative frameworks to regulate them risk becoming quickly outdated, even as large players will still need to provide their services within the confines of an outdated law.

- The proposed regulations target a handful of American companies, a phenomenon that has drawn criticism from both the U.S. executive branch and Congress as discriminatory, harmful to the global competitiveness of American firms, and potentially actionable under existing trade authorities.

Instead, the government could better promote competition through a flexible and adaptable approach that focuses, where needed, on *ex post* enforcement guided by clear and objective standards considering the competitive environment that exists as of today. A pro-competition approach to intervention (where needed) should be applied equally to all industry participants, encourage innovation, promote effective competition, and ensure the preservation of a dynamic and competitive digital marketplace.

III. The Proposals Overreach by Turning Private Firms into Regulated Utilities

The CMA's proposed Conduct Requirements would subject two private U.S. technology companies to a regulatory framework indistinguishable from that applied to a traditional utility provider. At its core, the consultation proposes to assess whether platform steering fees are "fair and reasonable" using a cost-plus or cost-based methodology—the same analytical framework regulators apply to gas pipelines and electricity networks, not to competitive software platforms. This approach would require these two firms to justify their commercial terms by reference to an externally imposed cost metric, stripping them of the freedom to price their services in accordance with the value they deliver, the investments they have made, or the competitive dynamics of the market.

On top of these price controls, the consultation also proposes to dictate detailed conduct and compliance obligations governing the ways in which the companies must allow developers to use their platforms. The regulations would prescribe how developers may communicate with users, what links they may include within apps, and on what terms transactions may be completed outside the platform. The regulations would even micromanage the information that can be displayed on the platforms' screens. These requirements would necessitate ongoing regulatory oversight, compliance reporting, and enforcement similar to the continuous supervisory relationship that characterizes utility regulation. The CMA would, in effect, become a standing price and conduct regulator, setting the terms on which private companies may operate their own platforms and second-guessing commercial decisions that are currently made in response to market signals.

This type of prescriptive regulatory framework does not fit the realities of platform markets. Unlike traditional utilities such as water or electricity networks, which involve static physical infrastructure often without meaningful competitive alternatives, app store platforms are dynamic, continuously evolving software ecosystems that require massive and ongoing investment in research, development, security, and tooling. Utility-style regulation is designed for mature, static, physical bottleneck assets, not for fast-moving technology platforms that compete vigorously for developer and consumer loyalty and that must continuously innovate to retain them. Price and conduct controls would severely chill the incentive to invest in and continuously improve the app ecosystems. The historical record of underinvested utility sectors, characterized by stagnant quality and a lack of innovation, offers a cautionary tale.

In fact, this approach to regulating digital markets was explicitly rejected by former CMA chief Andrea Coscelli when discussing the creation of a Digital Markets Unit. Coscelli stated that regulation had moved on from "controlling outcomes" to "opening competition and innovation." The Furman Report, widely considered the genesis of the UK digital markets regime, likewise rejected traditional utility-style regulation, recommending instead that 'pro-competition' policy tools be used. Similarly, Nobel laureate Jean Tirole has dismissed price controls in “two sided” digital markets. Indeed, the CMA and Ofcom have themselves recognized that digital platforms are characterized by the creation of joint value from the contributions of both platform and content provider.

The Proposed Conduct Requirement is not a targeted, proportionate intervention—it is the architecture of utility regulation applied to a dynamic, competitive, and rapidly evolving technology sector, with all the attendant risks of regulatory ossification, investment deterrence, and innovation stagnation that such a regime historically produces.

IV. The Proposals Would Damage the UK’s Economy and Consumers

Further to this point, the CMA's proposed Conduct Requirements carry significant risks across multiple dimensions—risks that, taken together, suggest the proposals would undermine the very goals of competition and consumer welfare that the CMA is mandated to advance.

A. Reduced Growth and Innovation

The Proposed Conduct Requirements represent a qualitatively different and more intrusive form of intervention than traditional competition enforcement. Unlike *ex post* antitrust action, which requires the regulator to define markets and demonstrate anticompetitive harm, *ex ante* conduct requirements of the breadth proposed here would impose sweeping obligations without any such showing and without the procedural safeguards that constrain conventional enforcement. The risk of false positives is therefore acute: obligations imposed on the basis of predicted rather than demonstrated harm can distort markets in ways that are difficult to reverse and that produce unintended consequences for competition and consumers alike. The CMA's own framework acknowledges this risk, yet the proposals contain insufficient proportionality safeguards.

The broader economic risks are pervasive and well-documented. In jurisdictions that have adopted prescriptive *ex ante* regimes, most notably the European Union, digital ecosystems have been damaged, including degraded product functionality, lost search traffic for businesses, and the withdrawal or delayed rollout of new features and services, as witnessed extensively in the EU. The UK risks replicating these outcomes at precisely the moment when the government has identified the digital economy as a central driver of growth.

Relatedly, by contemplating the exclusion of legitimate platform costs from any permitted fee, the Proposed CR would effectively sanction free-riding on a platform’s tools, technologies, distribution, and intellectual property, undermining the very incentives to invest and innovate that benefit developers and consumers.

The comparative record is instructive: America's light-touch, ex post competition framework has produced an innovation economy that vastly outpaces Europe's, with venture capital investment and technology company formation running at multiples of European levels. The UK should be cautious about trading its current competitive advantages for a regulatory model whose economic track record is, at best, mixed — especially when insufficient time has passed to properly assess the success of the *ex ante* regimes that have been enacted.

B. Harm to Developers

Price controls also would distort the developer ecosystem itself by disproportionately benefiting large, well-resourced developers at the expense of the small and independent developers the

CMA ostensibly seeks to protect. Interventions, such as mandated link-outs, would encourage free-riding by developers who benefit from the platform's infrastructure, security, fraud prevention, and global reach without contributing to its costs. Smaller developers, who lack the resources to build their own payment processing, refund management, and fraud detection systems, rely most heavily on the integrated services funded by commission-based models. A blunt regulatory price cap would remove the commercial flexibility that allows smaller developers to access consumers around the globe at little relative cost to them.

There is also a structural risk to the UK's startup ecosystem. British tech startups attract investment at high valuations in part because of their future prospects of attaining scale on global platforms. A regulatory regime that imposes unique and burdensome obligations on companies precisely when they achieve commercial success—and that creates uncertainty about the terms on which platforms will be able to operate—will directly suppress the valuations and growth prospects of UK digital businesses. Regulation that punishes success on the merits chills competition and creates a perverse disincentive for platforms to grow, lest they become subject to an ever-expanding set of conduct obligations.

Indeed, the prospect of global growth is one of the strengths of the app store ecosystem which enable developers to write one piece of software and sell it to consumers around the world. The more that the government regulates, however, the more challenging it becomes for smaller developers who want to build and distribute apps in the UK.

C. Consumer Harm

Consumers, too, would bear significant costs, undercutting the CMA's claim that the proposed remedy would "support improved customer experience, including in relation to billing, refunds and support". In markets where comparable regulatory interventions have been imposed, technology companies have responded by introducing subscription charges for services previously provided free of charge—including social media, mapping, and productivity tools—and by reducing the range of services offered in the regulated jurisdiction. UK consumers could face the same outcome: paying out of pocket for services they currently receive at no direct cost or finding that new features and AI-powered capabilities are withheld from the UK market pending regulatory clearance. Far from expanding consumer choice, the CMA's proposals risk narrowing it.

The cybersecurity implications are equally serious. Currently, the platforms' ecosystems provide critical security infrastructure: they screen applications for malware, enforce privacy standards, detect and prevent fraud, and maintain the integrity of the transaction environment. Mandated interoperability – or, rather, the forced removal of basic security features -- could erode these protections. When users transact outside the platform environment, they lose access to the platforms' safeguards for fraud detection, refunds, and data protection, raising the risks of scams, phishing attacks, and identity theft, as acknowledged in the CMA's consultation in stating that "steering users to third party websites or content introduces… additional risks to end-users." In Europe, the DMA's mandated interoperability and data-sharing requirements, as well as its most recent proceedings, have created precisely these vulnerabilities, including by potentially providing access to sensitive consumer data to competitors from jurisdictions with hostile attitudes toward Western data protection norms. The CMA should seek to preserve the security architecture that UK consumers currently rely upon.

V. Japan’s Lighter Touch Regulatory Regime Offers a Better Model

To the extent that the UK feels compelled to act, Japan’s model presents a better alternative to the CMA’s highly prescriptive approach. Japan has implemented a balanced template for addressing any legitimate steering concerns while reducing many of the damaging side effects of more aggressive intervention. Under Japan’s framework, platforms allow developers to include link-outs directing users to external websites to complete transactions, while maintaining a commission of 10-15% on those transactions. Critically, Japan’s model also incorporates targeted consumer protections, including mandatory disclosures informing users that they are leaving the platforms’ environment, a parental gate preventing link-outs from being accessed by users under 13, and a side-by-side pricing requirement ensuring that in-app purchase options are presented neutrally alongside link-out offers. This framework preserves fair compensation for the platform’s tools, security infrastructure, and developer services, which it provides even when a transaction is completed off-platform, avoiding the free-riding dynamic.

Alignment with an established international model would also reduce compliance complexity for developers, who already face a growing patchwork of jurisdiction-specific digital market regimes. A bespoke UK framework, layered on top of this existing patchwork, would add cost and friction for the very developers it purports to benefit. Japan’s model, by contrast, could be implemented far more quickly and straightforwardly than the complex pricing architecture the CMA has proposed.

The Proposed CR does incorporate some elements echoing Japan’s approach, including mandatory side-by-side pricing displays and restrictions on WebViews, but these are exceptions within a broader framework that lacks the clarity and proportionality that make Japan’s model workable.

Japan’s regime was developed through a collaborative and constructive regulatory relationship, one built on trust and dialogue rather than prescriptive ex ante mandates. Japan’s model demonstrates that it is possible to expand developer flexibility and address concerns about steering without dismantling the commission-based structure that funds platform investment, without exposing consumers to the fraud and security risks inherent in unregulated web transactions, and without the unintended market distortions that have followed from the DMA in Europe.

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The Chamber appreciates the opportunity to submit these comments and looks forward to ongoing discussions with the CMA.