# Europe's Digital Curtain

## How the Digital Markets Act Is Turning Europeans into Second-Class Digital Citizens

**Kay Jebelli and Hope Ledford**

December 2024

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### About Chamber of Progress

Chamber of Progress is a center-left tech industry policy coalition promoting technology's progressive future. We work to ensure that everyone benefits from technological leaps, and that the tech industry operates responsibly and fairly.

Our corporate partners do not have a vote on or veto over our positions. We do not speak for individual partner companies and remain true to our stated principles even when our partners disagree.

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# Table of Contents

# Introduction

In September of 2022 the European Union passed the Digital Markets Act (DMA),[1] a sweeping regulatory framework designed to target large tech companies, referred to as "gatekeepers." The first companies "designated" as gatekeepers and subject to the DMA's long list of obligations were Google, Apple, Meta, Amazon, Microsoft, and ByteDance.[2]

The DMA purports to promote competition and innovation by prohibiting the ability of these companies to offer integrated services, or engage in a wide range of other, potentially pro-competitive,[3] behaviours. The European Commission promised that these obligations and prohibitions would lead to better and cheaper services, more innovation, more choice, higher quality services, and would generate a consumer surplus of EUR 13 billion per year while carrying minimal costs (almost entirely consisting of compliance costs falling on gatekeepers).[4]

European Commissioners promised that "**[t]he DMA will never prevent any innovative technological company to develop and introduce new services to its users**. It's rather the opposite: the DMA will bring even more technologies and innovative services to businesses and to users."[5] The parliamentarian leading negotiations on the regulation stated that, with its passage, "Europe is thus ensuring more competition, more innovation and more choice for users".[6]

At the time of the DMA's enactment, many within the tech industry – as well as academics, economists, and consumer groups – were concerned that such high expectations would not be met. Expert economists warned that the DMA's inflexible one-size-fits-all approach was likely to have significant unintended consequences that could harm consumers and business users of platform services in Europe, lead to degraded and less secure services, less convenience, and less innovation.[7]

1   https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32022R1925

2   https://ec.europa.eu/commission/presscorner/detail/en/ip_23_4328

3   https://www.oxera.com/insights/reports/how-platforms-create-value/

4   https://digital-strategy.ec.europa.eu/en/library/impact-assessment-digital-markets-act

5   https://www.linkedin.com/pulse/dsadma-myths-what-eu-digital-regulation-really-thierry-breton/

6   https://www.eppgroup.eu/newsroom/end-the-ever-increasing-dominance-of-big-tech-companies

7   https://www.compasslexecon.com/the-proposed-dma-back-to-the-form-based-future/ (Compass Lexecon); (https://www.copenhageneconomics.com/publications/publication/the-implications-of-the-dma-for-external-trade-and-eu-firms (Copenhagen Economics); https://www.oxera.com/insights/reports/how-platforms-cre-ate-value/ (Oxera); https://www.oxera.com/publications/the-impact-of-the-digital-markets-act-on-innovation/ (Oxera).

The DMA's obligations came into force on the designated gatekeepers on 7 March 2024.[8] Now that the DMA provisions have shaped the delivery of gatekeepers' digital services in Europe, these fears have started to materialise, shedding light on how the regulation is impacting European consumers in ways that are closer to the critics' concerns than the legislators' promises. The impacts include:

## Degraded Apps and Services

European consumers are increasingly experiencing a degradation in the quality of apps and services they rely on.

By banning integration between different services offered by the same company, the DMA has created a more fragmented digital experience. For instance, Google can no longer seamlessly integrate its suite of products—like Google Maps, Flights, and Hotels—into a single search result, forcing users to navigate multiple websites and apps for tasks that were once more streamlined.

Similarly, services like LinkedIn have removed job recommendation features from their platform, as compliance with the DMA means they can no longer prioritise their own services.

As a result, what used to be an efficient, user-friendly experience has now become more cumbersome, leading to frustration among European consumers who have come to expect fast, integrated solutions.

## Less Safe and Private Services

The DMA's mandate for increased interoperability between services has also raised significant privacy and security concerns.

For example, Apple is now required to allow third-party app stores and sideloading of apps on its devices, bypassing the company's rigorous security checks. While the goal was to give consumers more choice and promote competition, it has inadvertently exposed users to greater risks, including malware, privacy breaches, and unsafe content.

App stores that do not uphold the same security standards as Apple's or Google's may expose users to harmful software or apps that misuse personal data.

8    https://digital-markets-act.ec.europa.eu/designated-gatekeepers-must-now-comply-all-obligations-under-digital-markets-act-2024-03-07_en

## Delayed or Unavailable Innovations

Perhaps most concerning is the way in which the DMA has begun to stifle innovation in Europe.

Some companies have delayed launching new products and features in the EU, citing regulatory uncertainty, while others are bypassing the European market altogether. Generative AI products from Meta, Apple, and Google have been delayed (temporarily or indefinitely), thanks to regulatory uncertainty caused by the DMA.

As a result, European consumers are missing out on cutting-edge technologies that their counterparts in other regions can already access. This has the potential to create a significant digital divide between Europe and the rest of the world.

### ❚ A Digital Curtain Around Europe

In short, the DMA is building a **"Digital Curtain" around Europe**, reminiscent of the Iron Curtain that once separated Eastern and Western Europe.

The Iron Curtain was a physical and ideological barrier splitting prosperous democracies with market-based economies from communist countries that practised a state-controlled economy.

The Digital Curtain is regulatory in nature, cutting European citizens' access to integrated, seamless, and innovative digital services available outside the EU.

This regulatory isolation threatens to widen the gap between Europe and other parts of the world, as consumers in Europe are gradually deprived of the most productive and efficient digital tools and services, digital adoption slows, and stagnation spreads.

### ❚ A Lesson for those Outside the Curtain

This is particularly important as EU officials actively promote the DMA as a model for other jurisdictions.

Countries like Brazil, Japan, and American states like California are considering their own versions of the DMA, encouraged by EU officials who see it as a template for regulating Big Tech, and interested in promoting the "Brussels effect".[9]

However, the experience of European consumers under the DMA should give other jurisdictions pause. The evidence suggests that while the DMA's

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9   https://scholarship.law.columbia.edu/books/232/

proponents may laud its theoretical benefits, in practice it significantly degrades user experiences, compromises privacy and security, and stifles citizens' access to innovation.

Before embracing similar regulations, policymakers around the world should consider whether they want to join Europe behind this Digital Curtain – or whether their citizens, and their economy, would be better off enjoying faster technological advancement outside.

**01.**

# Degraded Apps and Services

With the DMA in force, European users now face obstacles, complexities, and additional steps that make it harder for them to navigate and complete tasks in a digital environment, affecting daily activities. Such consumer friction requires users to wade through more hurdles, resulting in an overall more cumbersome online experience.

## ▌Increased User Friction
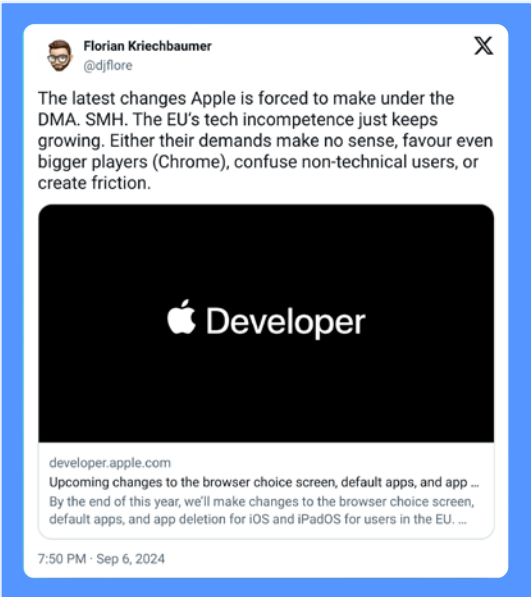


One of the main factors diminishing user experience is the increased friction caused by the DMA's prohibition of gatekeepers' integration of products. Such integration enhances the consumer experience by streamlining access to services and offering integrated solutions. For example, Google Maps, Flights, and Hotels search results typically appear in an attractive and convenient format, providing users with easily navigable options to find precisely what they're looking for. This convenience reduces the time it takes to compare results, creating a more cohesive and efficient experience.
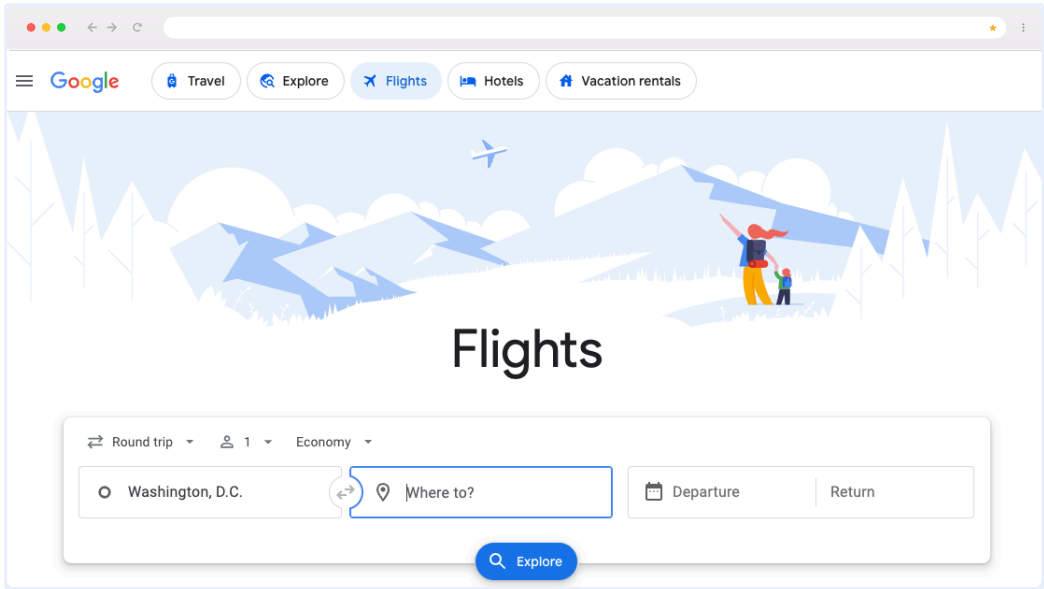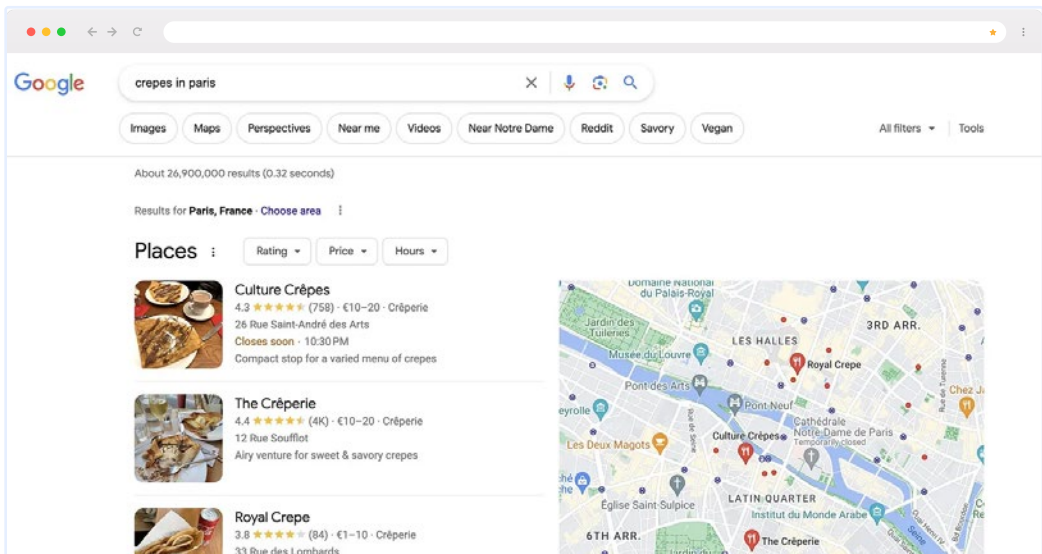
**Before DMA:**
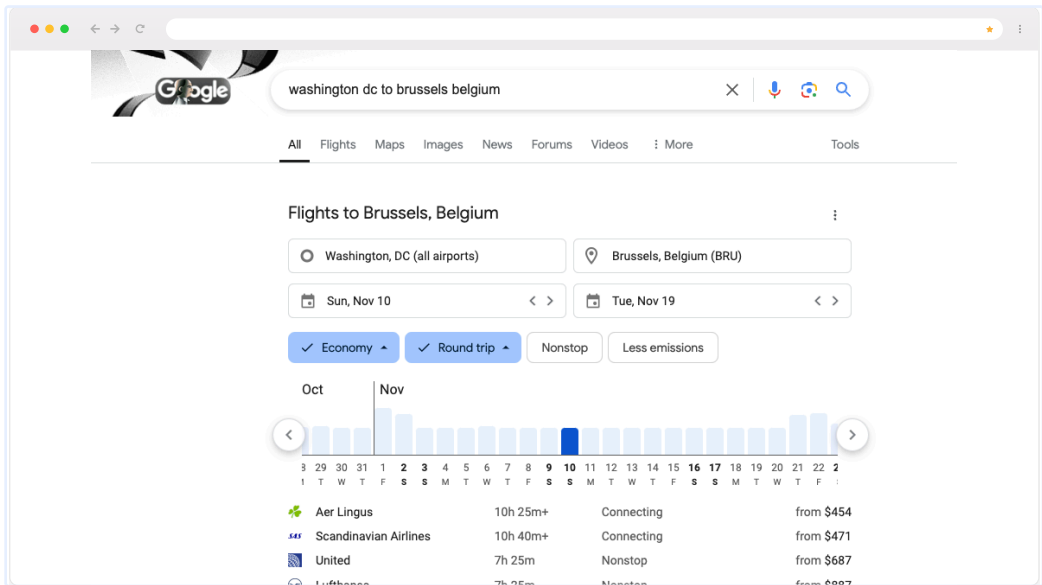
To comply with Article 6(5) of the DMA,[10] which prohibits "non-discriminatory conditions," Google's compliance report[11] reveals that the company has removed the smooth integration of products and services, such as searching for a local business or a restaurant and no longer being able to immediately book a reservation within Google Maps, or even click on a Google Maps link in the search results.[12]

Before the DMA, a search for "crepes in Paris" would show both local results plotted on Google Maps, and a "Maps" tab at the top of the results page:
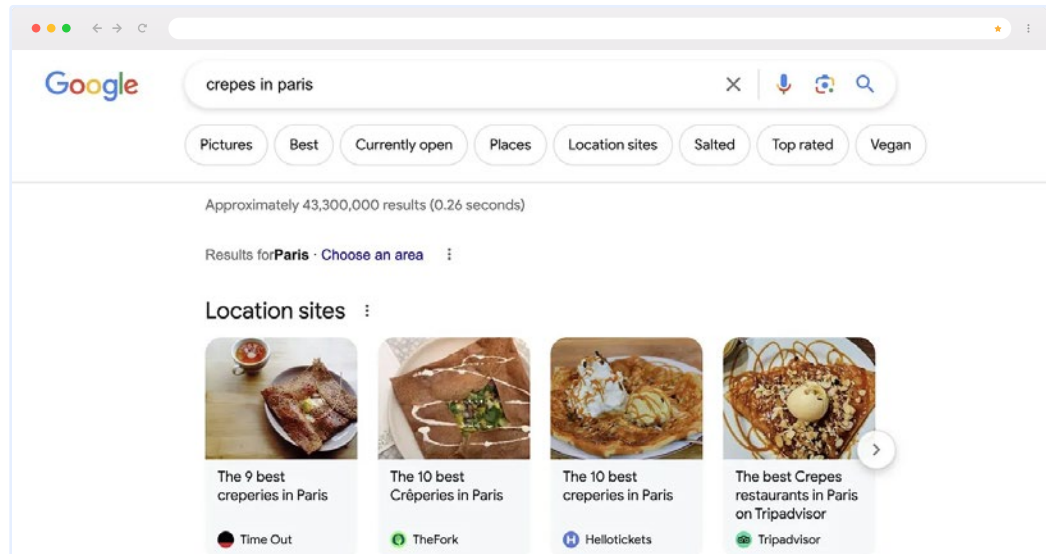
10  https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32022R1925

11  https://storage.googleapis.com/transparencyreport/report-downloads/pdf-report-bb_2023-9-6_2024-3-6_en_v1.pdf

12  https://www.politico.eu/article/european-union-digital-markets-act-google-search-malicious-compliance/

After the DMA, Google's results no longer include the "Maps" tab[13]:



Likewise, removing direct integration benefits only a few travel intermediaries, while harming airlines, hotel operators, and smaller companies that can no longer reach customers directly, which means that the "presentation of hotel offers to users based in DMA markets is less organised, clear and intuitive."[14]
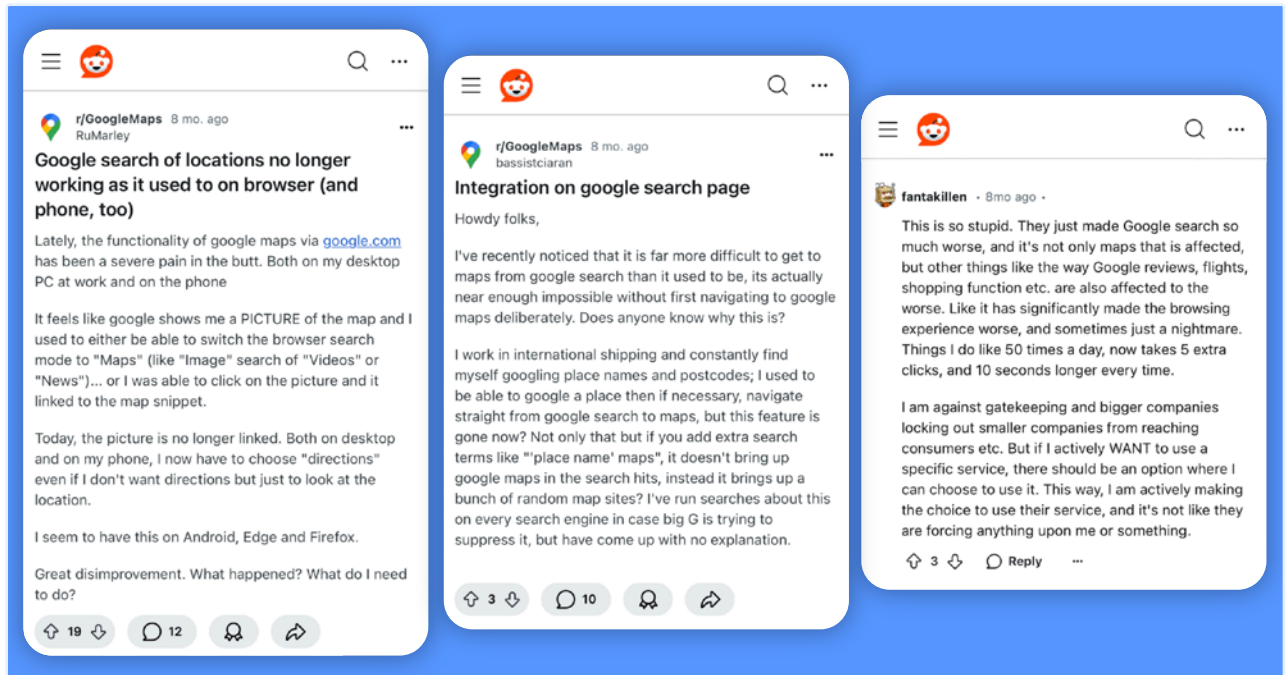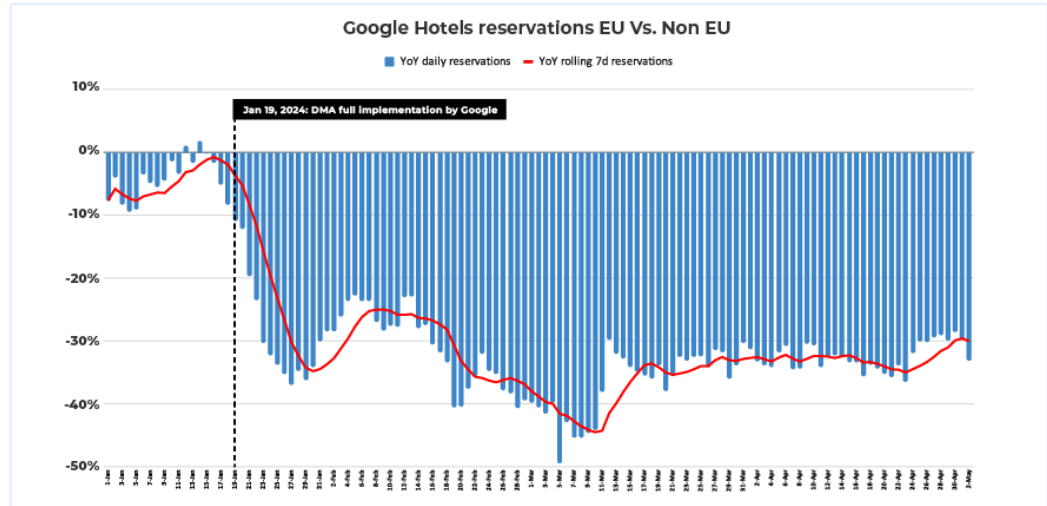


Users can no longer view aggregate hotel offers, locate hotels via Google Maps, or access the 'hotel package' feature. Changing booking details is less user-friendly, and calendar prices are no longer visible. The 'Book a room' button now opens search engine results instead of the Travel section, and users must click 'Visit Site' to view prices.

13  https://blog.google/around-the-globe/google-europe/complying-with-the-digital-markets-act/
14  http://www.clrc.ca.gov/pub/2024/MM24-24s6.pdf

For the hotel industry, this has led to a decline in direct bookings and increased reliance on intermediaries, ultimately damaging profitability. In fact, three months after the DMA's implementation, affected EU markets have seen a 30% drop in traffic volume compared to regions without the DMA.[15] Google Hotel Ads click volume has also fallen by 30%, leading to a 36% reduction in direct bookings.[16]





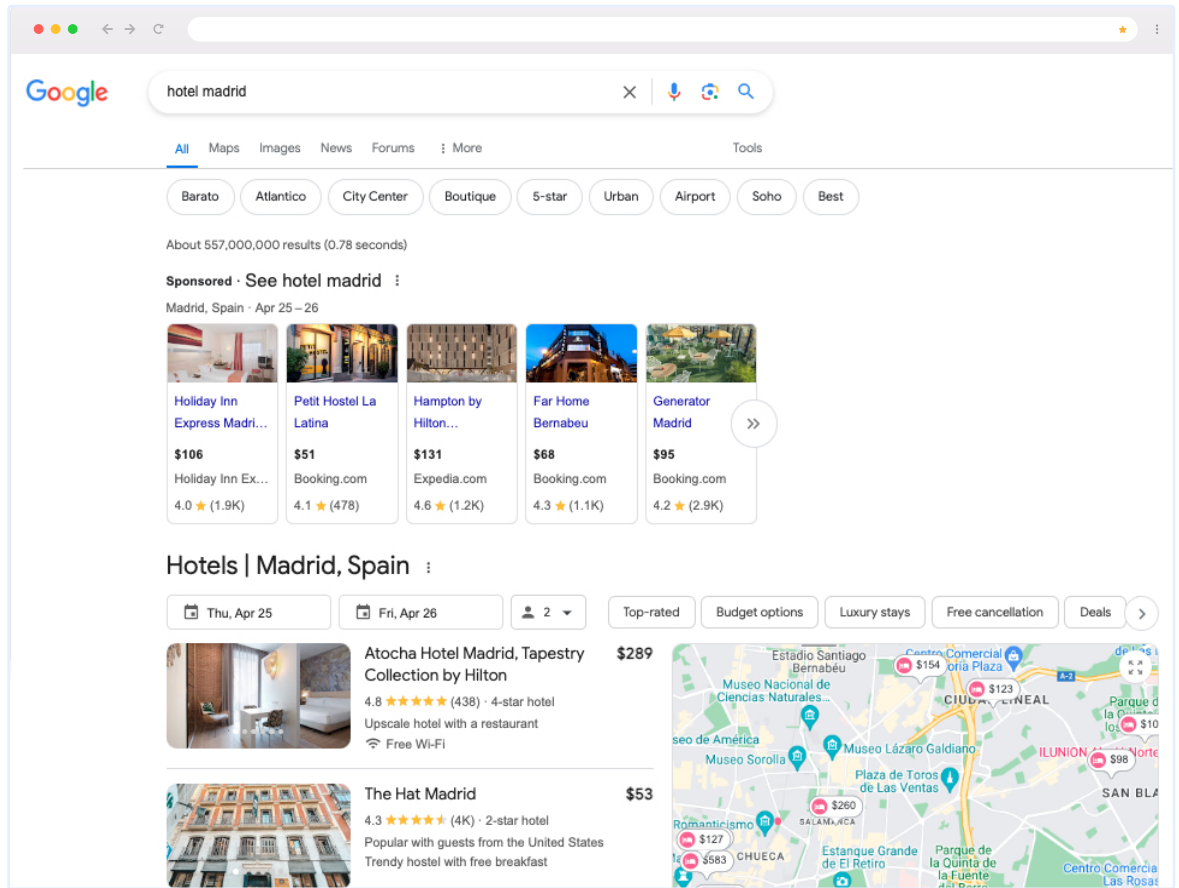In other words, large business users and competing aggregators are benefiting, while users are facing increased friction and hoteliers are losing revenues.
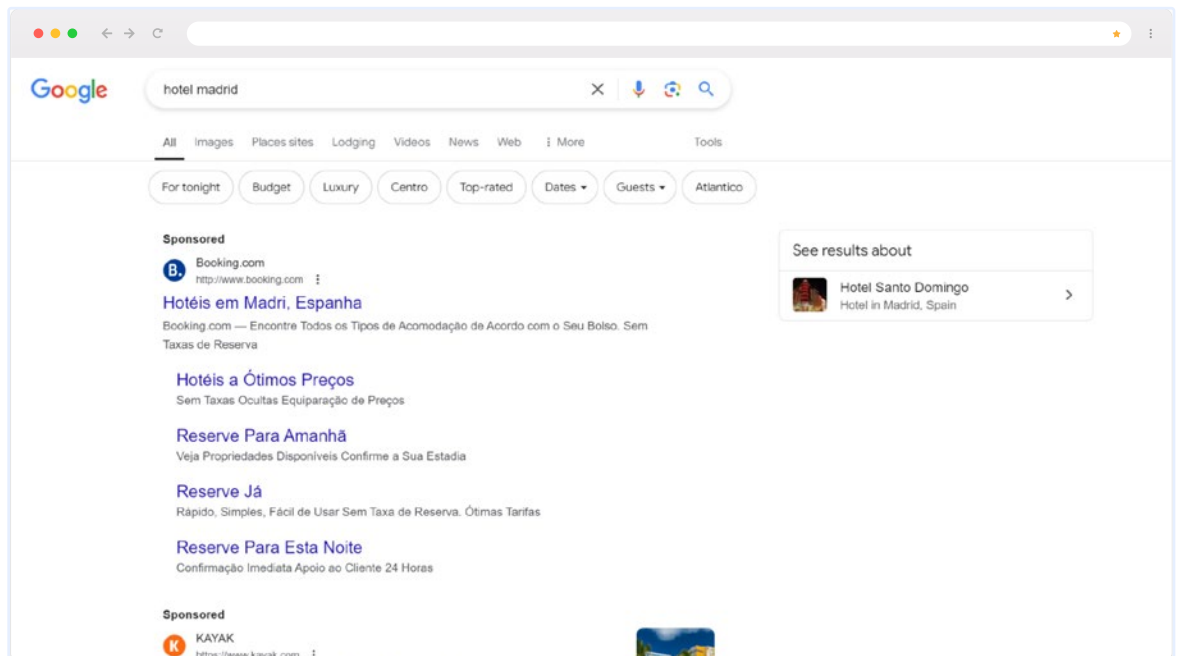
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15  https://www.mirai.com/blog/dma-implementation-sinks-30-of-clicks-and-bookings-on-google-hotel-ads/
16  https://www.mirai.com/blog/dma-implementation-sinks-30-of-clicks-and-bookings-on-google-hotel-ads/

**Before DMA:**

**After DMA:**

## ❚ Google Users Saw Time Wasted Searching

A study found that the DMA led to a significant increase in searches for mapping services in the EU since Google had to remove clickable maps from search results, [17] but this did not necessarily lead to the use of alternative mapping services. The study also found that searches for "maps" and "Google Maps" increased by 25% and 18%, adding 34.4 million and 8.9 million searches over six months.[18] While searches for Apple Maps and Bing Maps also rose, the impact was smaller. Traffic to Google Maps saw a slight, non-significant decrease, indicating minimal user shift to other services. In other words, while people may have looked around for alternatives, they mostly stuck with Google Maps.



**(a)** maps
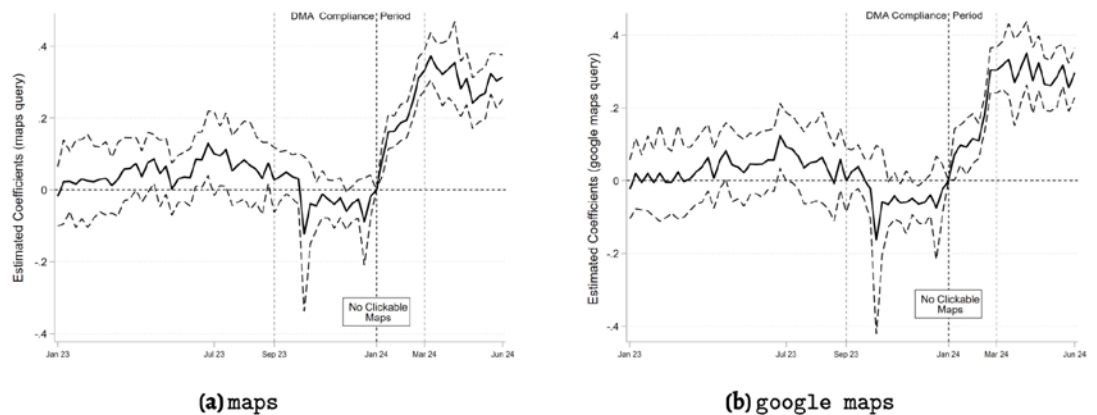
**(b)** google maps

**Figure 3.** Event study: log of Google Search Volumes for maps and google maps

*Notes:* The log of Google search volumes for maps and google maps queries are regressed on country fixed effects and on the products between a dummy variable taking value 1 if the country is in the European Union and a full set of dummy variables for each snapshot. The graphs plot the estimated coefficients on these products. The value of the coefficient corresponding to January 2024 is normalized to zero. In both graphs, the sample includes weeks between January 2023 and June 2024. Figures 3a and 3b show the analysis for search volumes about maps and google maps, respectively. Standard errors (5%) are clustered by country.

17  https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4922400

18  Ibid.

**Table 1.** Google Search Volumes and Shares before and after January 2024 for EU and non-EU countries

| Before DMA (Jan 23 - Dec 23) | EU | | Non-EU | |
|---|---|---|---|---|
| | Search Volumes | Share (%) | Search Volumes | Share (%) |
| apple maps | 274 | .14 | 2,122 | .31 |
| bing maps | 109 | .05 | 1,801 | .26 |
| google maps | 50,836 | 26.59 | 340,721 | 49.91 |
| mappy | 10,374 | 5.42 | 86 | .01 |
| maps | 129,232 | 67.6 | 337,564 | 49.45 |
| openstreetmap | 341 | .17 | 280 | .04 |

| After DMA (Jan 24 - Jun 24) | EU | | Non-EU | |
|---|---|---|---|---|
| | Search Volume | Share (%) | Search Volume | Share (%) |
| apple maps | 308 | .12 | 2,132 | .33 |
| bing maps | 131 | .05 | 1,656 | .26 |
| google maps | 61,838 | 24.24 | 300,469 | 47.43 |
| mappy | 9,245 | 3.62 | 80 | .01 |
| maps | 183,198 | 71.82 | 328,759 | 51.9 |
| openstreetmap | 357 | .14 | 295 | .04 |

*Notes:* The sample includes weeks between January 2023 and June 2024 for 25 European and 10 non-European countries. Search volumes are averaged at the week level across the different countries composing the EU and non-EU groups. Shares are calculated by summing the average search volumes per country over the pre-DMA period and post-DMA period.

This issue extends beyond mere inconvenience. The study's rough estimate, based on time lost and average wages, puts the cost of this policy at €3.3 million per year.[19]

For consumers, this means a less seamless experience and more time spent navigating through various results and additional web pages instead of getting the answers they need.
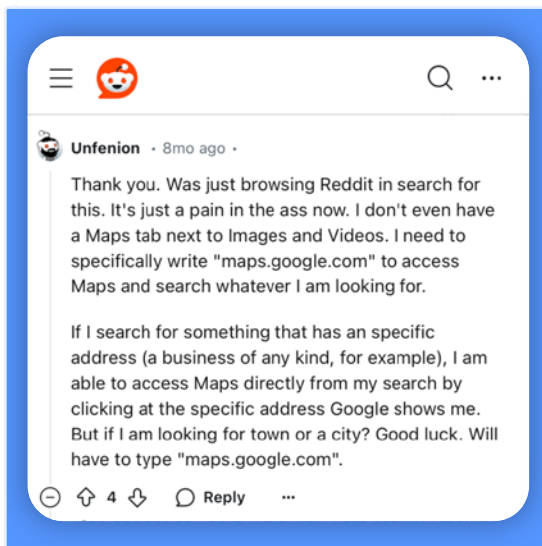
These findings on users' time wasted due to dis-integrated maps seem to be replicated also when it comes to hotels. A study there found that, while Google Hotels lost 4.5% market share of hotel bookings in Europe, Google organic search and Google ads saw a 2% and 1.5% increase respectively 8-months post-DMA.[20] This suggests that instead of being able to conveniently book directly through an integrated Google Hotels module, users are being forced to search multiple times, and engage in more advertising, in order to reach the same bookings.

One can imagine that further changes to degrade the integration of Google's search services would impose even greater costs on users.

> **Unfenion** · 8mo ago ·
>
> Thank you. Was just browsing Reddit in search for this. It's just a pain in the ass now. I don't even have a Maps tab next to Images and Videos. I need to specifically write "maps.google.com" to access Maps and search whatever I am looking for.
>
> If I search for something that has an specific address (a business of any kind, for example), I am able to access Maps directly from my search by clicking at the specific address Google shows me. But if I am looking for town or a city? Good luck. Will have to type "maps.google.com".
>
> 4   Reply   ...

19  Ibid.

20  https://www.traveldailynews.com/statistics-trends/mirai-study-reveals-google-has-lost-1-percentage-point-of-market-share-in-direct-hotel-bookings-channel-due-to-eu-s-digital-markets-act-dma/

Europe's Digital Curtain
Degraded Apps and Services

## Reduced Job Search Efficiency on LinkedIn

The prohibition of integration also affects other platforms – like LinkedIn, a subsidiary of Microsoft – preventing them from showing jobs in their feed, particularly the "jobs you might be interested in" (JYMBII) module. As detailed in Microsoft's compliance report, due to Article 6(5) of the DMA,[21] LinkedIn must rank ads, job recommendations, and course suggestions without favoring its own services.

It appears that instead of integrating its LinkedIn Newsfeed with third-party job recommendation providers, Microsoft has decided to remove the JYMBII module from European newsfeeds altogether.

This negatively impacts consumers by reducing the relevance and personalization of the content they see, leading to a more fragmented user experience and making it harder to find the best opportunities. This could lead to users missing out on job postings that are highly suited to their skills and interests, ultimately reducing the efficiency and effectiveness of their job search and of the LinkedIn service itself.

**Before DMA:**
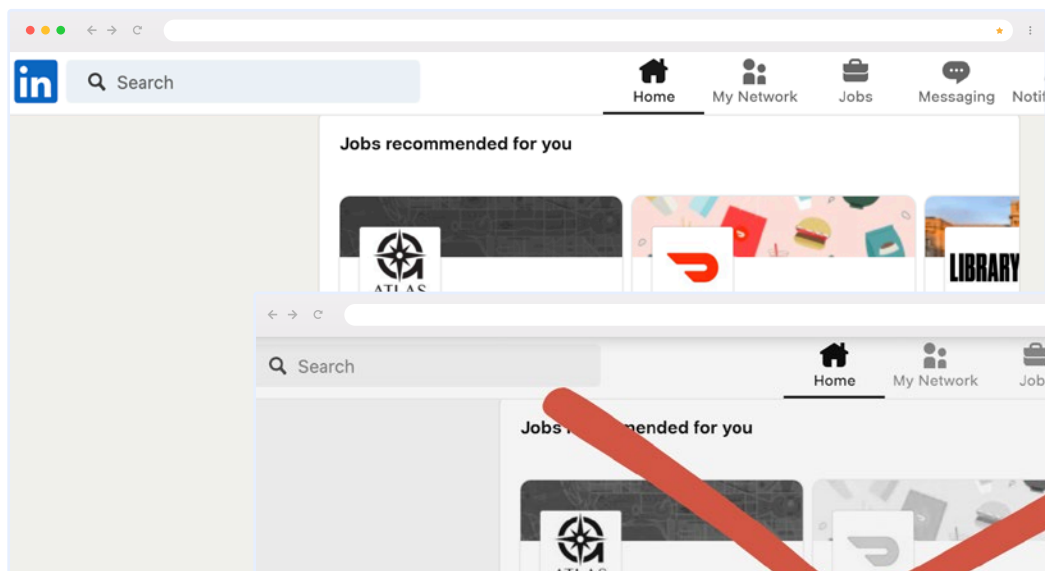


**After DMA:**
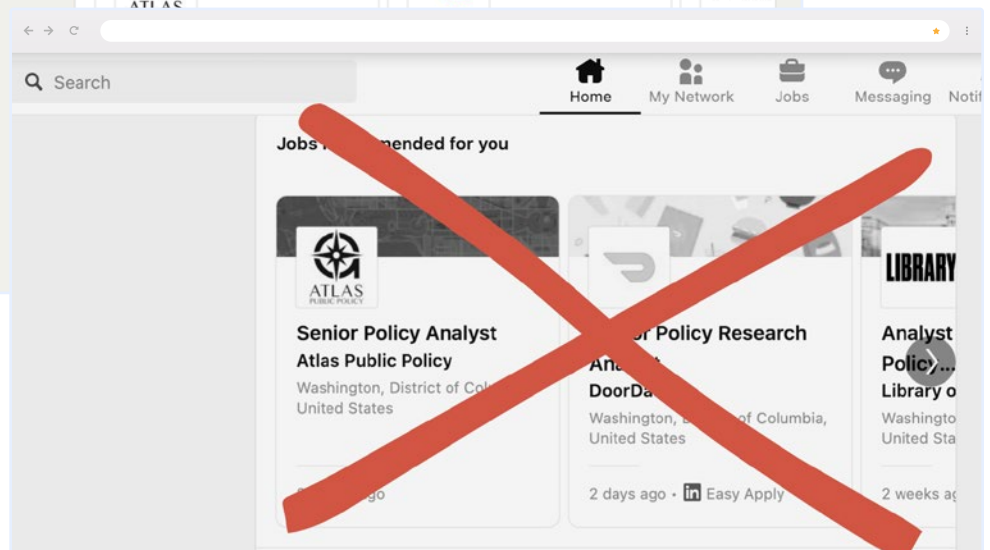
21  https://cdn-dynmedia-1.microsoft.com/is/content/microsoftcorp/microsoft/mscle/documents/presentations/DMA.100160%20-%20Microsoft%20Compliance%20Report%20-%20Annex%2011%20-%20LinkedIn%20(Non-Confidential%20Version)_v1.pdf

Article 5(2) of the DMA[22] requires designated companies to overwhelm users with pop-ups to confirm their preference for service integration versus separate functionality. It's not clear that these additional consent pop-ups will have a materially different effect than that of cookie-consent pop-ups.[23]

For users this means that the DMA complicates a process that was already simple, like setting default apps and browsers. With Apple's new browser choice screen, users now must scroll through an extended list of options before being able to make their choice. This turns a quick and easy task into a more frustrating and cumbersome experience and essentially punishing users who prefer Safari as their browser.[24,25] The mandatory browser choice screen requires EU users with Safari as their default browser to reselect a default browser upon updating or moving devices, leading to potential confusion, particularly if their preference is Safari. If a user has previously selected Safari, the app will be removed from their dock or home screen if another browser is chosen, potentially benefiting other major browsers like Chrome, counterproductive to the DMA's goals of restricting large "gatekeepers."[26]

**Mandatory browser choice screen:**
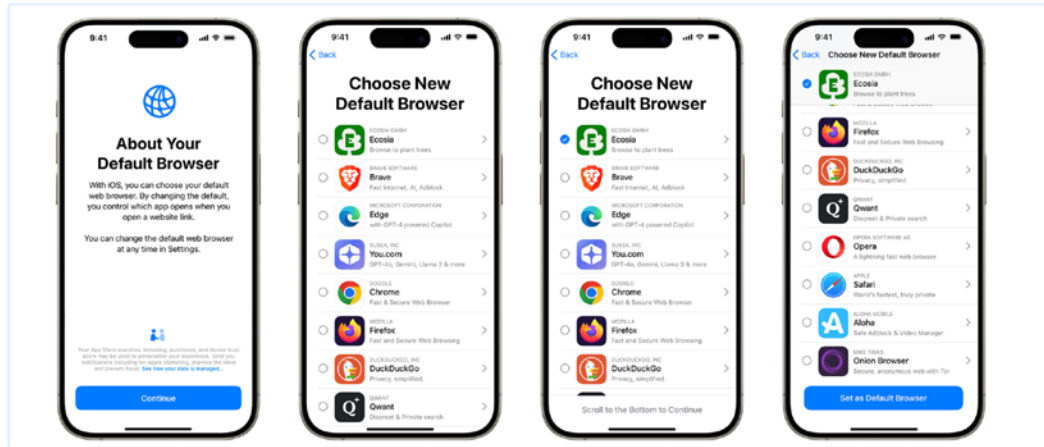


Similarly, the new changes in the DMA allow EU users to delete core Apple apps[27] such as Messages, Photos, and Camera, which could result in significant user confusion and disruption, as essential functions may be lost without adequate alternatives. This is particularly risky for users who want a phone that works without customisations. A user who accidentally deletes these apps may not understand why they have been removed or how they can get them back, as smartphones have always come bundled with these apps.

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22  https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32022R1925

23  https://academic.oup.com/cybersecurity/article/6/1/tyaa022/6046452

24  https://techcrunch.com/2024/08/22/under-dma-probe-apple-tweaks-design-of-eu-browser-choice-screens-expands-app-default-settings/

25  https://developer.apple.com/support/browser-choice-screen/

26  https://daringfireball.net/2024/09/the_ios_continental_drift_widens#fn3-2024-09-06

27  https://developer.apple.com/news/?id=zglax7gc

Setting up apps will now involve additional steps and greater complexity, with more frequent choice screens and unwieldy reinstallation processes that can be both inconvenient and confusing for Apple users.[28] For example, if a user deletes the Messages app from their iPhone, they would no longer be able to receive messages, and if they delete the Phone app, they might miss incoming calls altogether.[29]
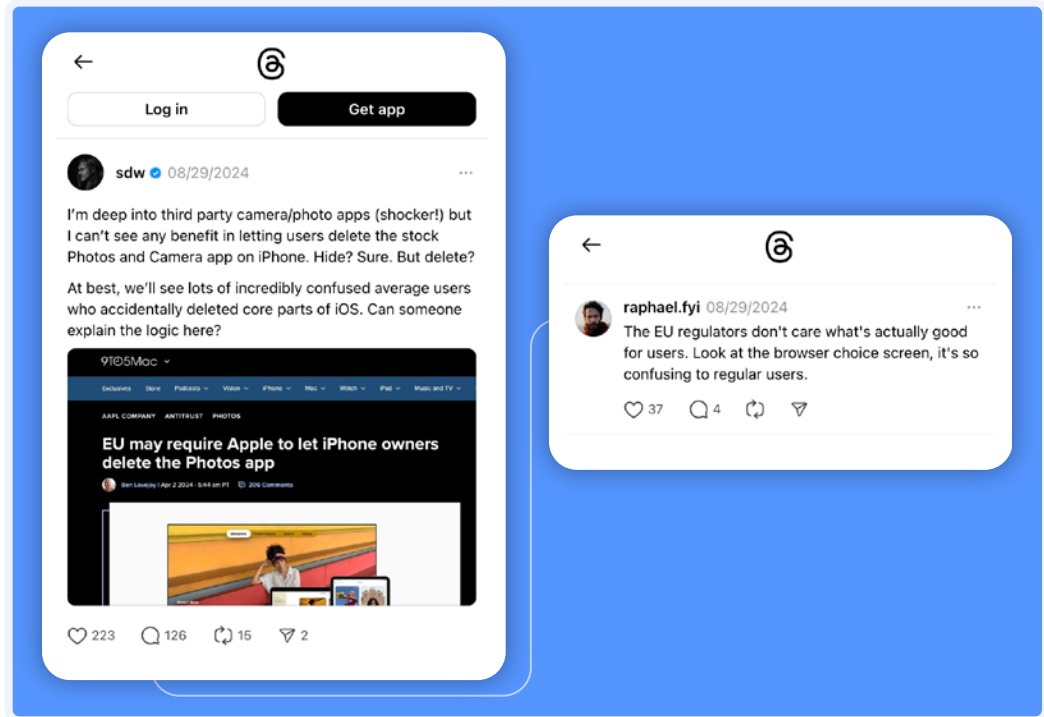


**Mandatory app choice screen:**

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28  https://www.macrumors.com/2024/08/22/apple-eu-default-app-update/

29  https://x.com/dimillian/status/1826671084659507387?s=66&t=lukbGedYgpn-Au3EPmKXEA
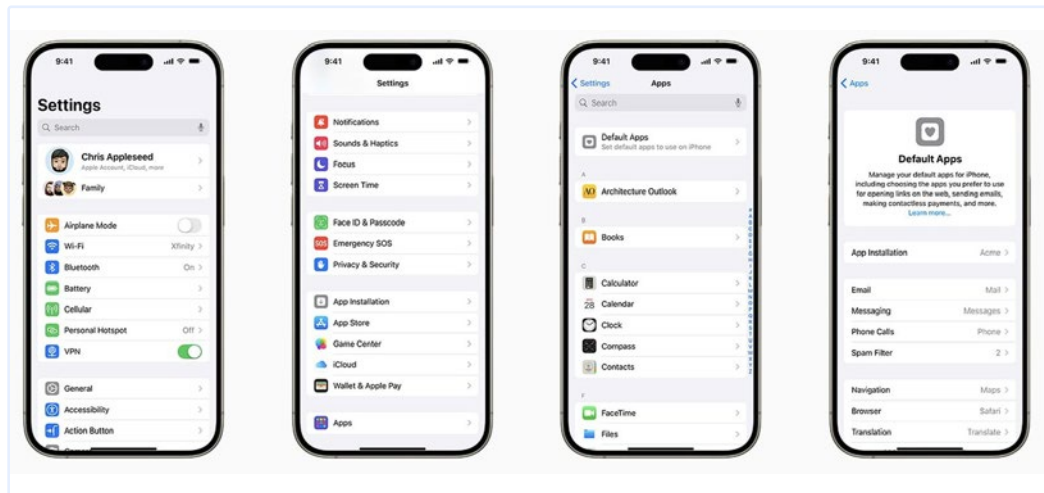
## ❚ Lower Quality Ads

Another concern about the DMA is pointed out in Meta's compliance report with respect to Article 5(2). In conjunction with General Data Protection Regulation (GDPR) and European Data Protection Board (EDPB) guidelines,[30] it appears that this provision may end up backfiring, as platforms forced to offer contextual ads may end up using "less data," but making the ads more intrusive and lower quality in other ways. On 12 November 2024, Meta announced that due to the DMA, it will be introducing an additional free tier, but with "less personalised ads", for its social media services.[31] These ads will now be unskippable and full screen.

Instead of allowing platforms to continue running a business model based on free ad-supported media, the regulation appears to be forcing subscription tiers and more intrusive unskippable ads instead, effectively meaning a lower quality and less personalised service.

A user on Reddit called this a "garbage" feature[32] when it was still in the testing phase for Instagram:

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30  https://www.euractiv.com/section/data-privacy/news/european-commission-accuses-meta-of-violating-digital-competition-rules-with-pay-or-ok-model/

31  https://about.fb.com/news/2024/11/facebook-and-instagram-to-offer-subscription-for-no-ads-in-europe/
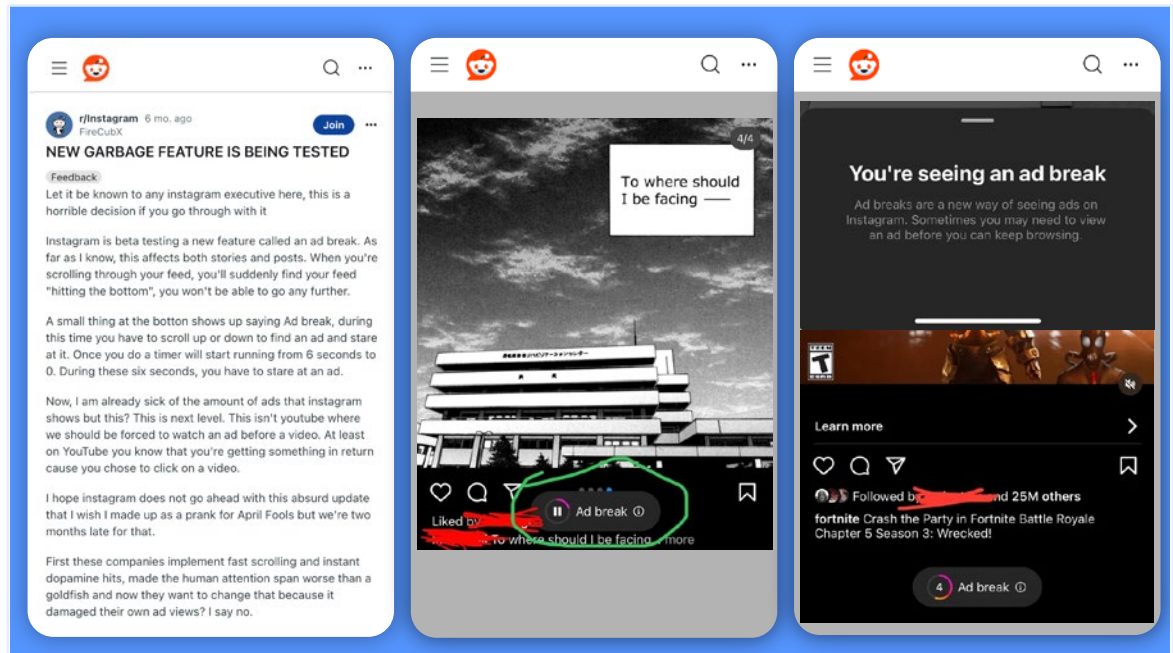
32  https://www.reddit.com/r/Instagram/comments/1d5r0lg/new_garbage_feature_is_being_tested

02.

# Less Safe and Private Services

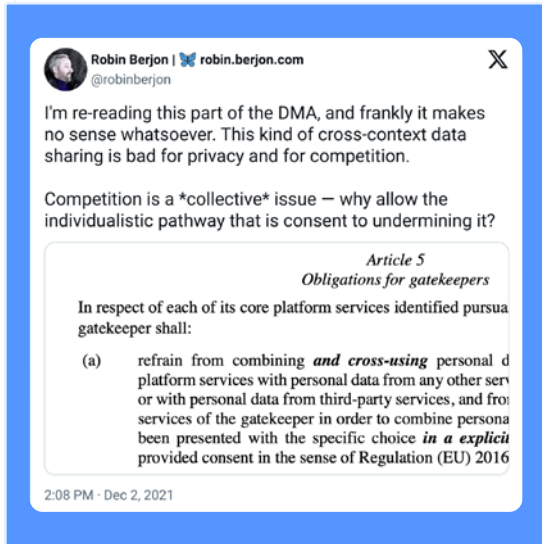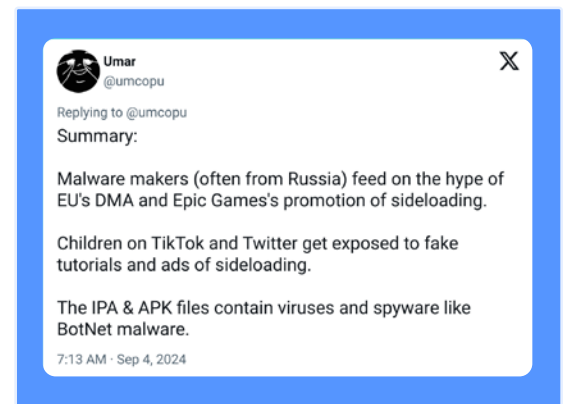Changes introduced by the DMA illustrate how regulations intended to promote competition can inadvertently compromise privacy and security. Requiring Apple to support app sideloading and alternative app stores could expose users to malware, privacy breaches, and unregulated content by removing strong protections like content moderation and parental controls. New requirements for interoperability between messaging platforms could undermine key security measures like end-to-end encryption (E2EE), potentially exposing user data to greater risks of privacy breaches and misuse.

## | Increased Malware and Crash Risks

In July 2024, a global IT outage caused by a faulty update from cybersecurity firm CrowdStrike disrupted millions of individuals and businesses worldwide, including major corporations and financial institutions.[33] Part of the reason why this happened can be attributed to European intervention, particularly a 2009 European agreement requiring Microsoft to grant third-party security services the same access to Windows as its own products.[34]

Compliance in the EU meant creating a systemic vulnerability which was triggered by CrowdStrike's faulty update. This situation underscores how government antitrust intervention and regulations, while intended to promote competition and security, can create certain vulnerabilities and unintended consequences.



The DMA raises privacy and security concerns for European users who prefer closed ecosystems by mandating that large platforms keep their systems more open and interoperable with third-party software. This "forced openness" can open up platforms to greater risk of cyberattacks and large-scale privacy breaches, as vulnerabilities in less secure applications could be exploited, exposing sensitive personal data, such as patient records and financial information.[35]

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33  https://www.ft.com/content/60dde560-194a-40d1-8c98-1d96d6d019a0

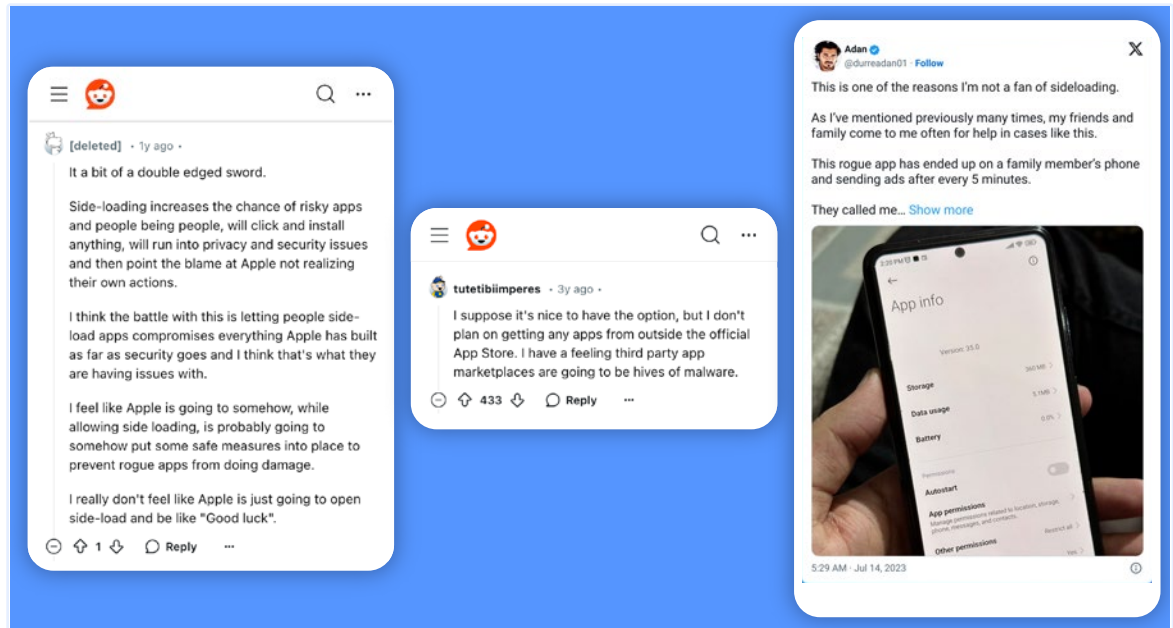34  https://news.microsoft.com/2009/12/16/microsoft-statement-on-european-commission-decision/

35  https://opinione.it/hi-tech/2024/08/01/gaetano-masciullo-microsoft-windows-software-aggiornamento-digi-tal-market-act-ue/

The DMA's interoperability provisions impose the same vulnerabilities on the Apple ecosystem. Apple's compliance report[36] reveals that it must now support app sideloading without App Store review.[37] App sideloading threatens iPhone security and privacy by allowing more pathways for malware and privacy breaches, as sideloaded apps bypass Apple's stringent security checks. Since Epic launched its rival app store on the Apple ecosystem, there have already been reports of children inadvertently rendering their iPhones inoperable due to sideloaded apps.[38] Consequently, risks that were once dismissed by EU officials,[39] are now starting to materialise.

## Proliferation of Problematic Apps

According to Apple's compliance report,[40] the introduction of alternative app stores and marketplaces has led to varying standards for content and business models, which may include offerings that Apple's App Store would have banned. These new marketplaces might lack the robust user protections that the App Store provides, such as content moderation, age ratings, and Privacy Nutrition Labels. As a result, consumers may face increased exposure to adult content, fraudulent and unlicensed gambling or cryptocurrency apps, and apps lacking content moderation.

36  https://developer.apple.com/security/complying-with-the-dma.pdf

37  https://www.theverge.com/2024/1/25/24050200/apple-third-party-app-stores-allowed-iphone-ios-europe-dig-ital-markets-act

38  https://www.reddit.com/r/iphone/comments/1ev62jw/my_sons_iphone_died_after_trying_to_play_fortnite/

39  https://brusselssignal.eu/2024/04/claims-that-new-eu-tech-rules-undermine-security-complete-nonsense-says-vestager/

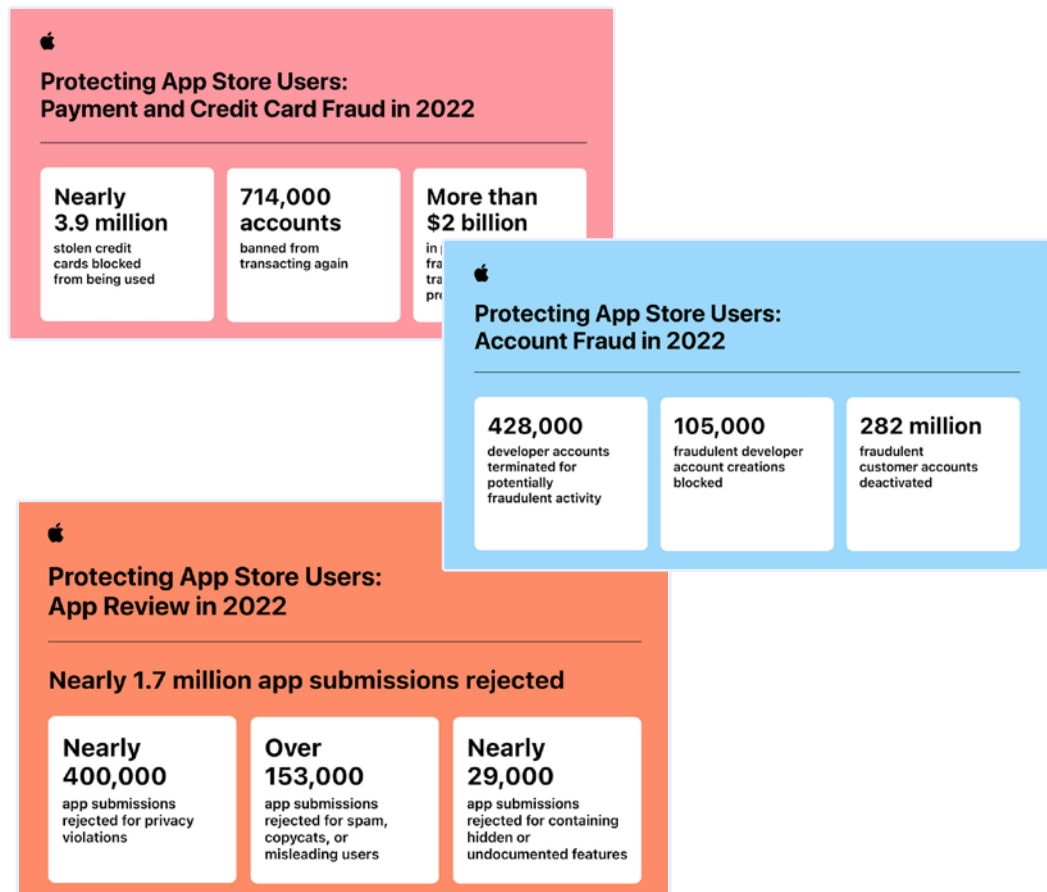40  https://developer.apple.com/security/complying-with-the-dma.pdf

Additionally, these marketplaces may offer fewer and weaker privacy protections and less strict enforcement of user safety measures, potentially leaving users more susceptible to privacy breaches and unsafe content and less aware of how their data is being used. We have already seen that the top 3rd-party app stores on Apple are sources of piracy, performance issues, security vulnerabilities, and fraud.[41]

For example, the messaging app Telegram is among the companies looking to launch an app store in the EU with thanks to the DMA, and it has faced security issues and was recently banned by Ukraine[42]. Specifically, Telegram has been used for cyberattacks, phishing, and adversarial intelligence gathering, and one can imagine that its app store would face similar challenges.

Previously, Apple and Google have removed various apps from their app stores and engaged in content moderation to ensure user safety.

**From Apple:[43]**



**Protecting App Store Users: Payment and Credit Card Fraud in 2022**

**Nearly 3.9 million**
stolen credit cards blocked from being used

**714,000 accounts**
banned from transacting again

**More than $2 billion**
in [...] fra[...] tra[...] pr[...]

**Protecting App Store Users: Account Fraud in 2022**

**428,000**
developer accounts terminated for potentially fraudulent activity

**105,000**
fraudulent developer account creations blocked

**282 million**
fraudulent customer accounts deactivated

**Protecting App Store Users: App Review in 2022**

**Nearly 1.7 million app submissions rejected**

**Nearly 400,000**
app submissions rejected for privacy violations

**Over 153,000**
app submissions rejected for spam, copycats, or misleading users

**Nearly 29,000**
app submissions rejected for containing hidden or undocumented features

41  https://www.theverge.com/24100979/altstore-europe-app-marketplace-price-games

42  https://thehackernews.com/2024/09/ukraine-bans-telegram-use-for.html

43  https://www.apple.com/newsroom/2023/05/app-store-stopped-more-than-2-billion-in-fraudulent
    -transactions-in-2022/

For instance, following the January 6th insurrection attack on the United States Capitol, Apple removed the far-right app Parler for its role in the attack,[44] and, in 2018, it also removed Infowars after founder Alex Jones called the Sandy Hook school massacre a "hoax."[45] However, by circumventing the official app stores, the new DMA rules strip Apple and Google of this power, creating a free-for-all situation where users might encounter hate speech, fraud, and inappropriate content through alternative app stores that lack parental controls like Apple's Ask to Buy,[46] which helps parents manage app downloads for their children. This shift under the DMA could significantly undermine user protection and safety, making it crucial to reconsider how these regulations balance competition with security.

44  https://www.theverge.com/2021/1/9/22221730/apple-removes-suspends-bans-parler-app-store

45  https://www.nytimes.com/2018/09/07/business/infowars-app-alex-jones-apple-ban.html

46  https://support.apple.com/en-us/105055

# 03.

# Delayed or Unavailable Innovations

Because the regulations outlined by the DMA from the European Commission lack clarity, companies in Europe have delayed or withdrawn services and features that they worry might breach the new rules. This uncertainty has hindered innovation and limited access for European consumers.

## Delayed Services

Due to the DMA, services and products such as Google Gemini, which offers advanced AI for enhanced search and personalised recommendations, and Meta's Threads, a new social media platform similar to X, faced delays in Europe because of uncertainties surrounding compliance.[47,48] European users were excluded from using Gemini and Threads for months, with some having to wait nearly half a year to access the platform.[49,50]

European lawmakers framed such delays as victories for regulation, despite the clear disruption to innovation and consumer access. Danish lawmaker Christel Schaldemose stated: "The fact that Threads is still not available for EU citizens shows that EU regulation works."[51]

While lawmakers celebrated this exclusion, it negatively impacted consumer and user experience by restricting access to the latest innovations and features that were already available in other regions, widening the gap in the quality and availability of digital services worldwide. The delay also impacted competition, as Threads could have gained more steam and emerged as a stronger alternative to Twitter/X if more European users were joining at the same time as users around the world.

## Google's AI Overviews

Worse than delays, some services and features have been restricted indefinitely. In May of 2024, Google launched AI Overviews powered by the Gemini model's multi-step reasoning capabilities, but not in Europe. These AI Overviews allow users to ask questions with complex answers, that require planning or multiple steps, and get answers, with links to multiple sources, in a single response.[52]

Currently, Google's AI overviews integrated in search results are not available in Europe. Since expanding beyond the U.S. in August 2024, more than an estimated 1 billion global users every month have found Google's AI Overviews more effective and more helpful.[53]

47  https://www.androidcentral.com/apps-software/googles-gemini-app-finally-expands-to-the-uk-and-eu

48  https://www.theverge.com/2023/12/14/23953986/threads-european-union-launch-eu-meta-twitter-rival

49  https://cybernews.com/tech/google-gemini-app-uk-eu/
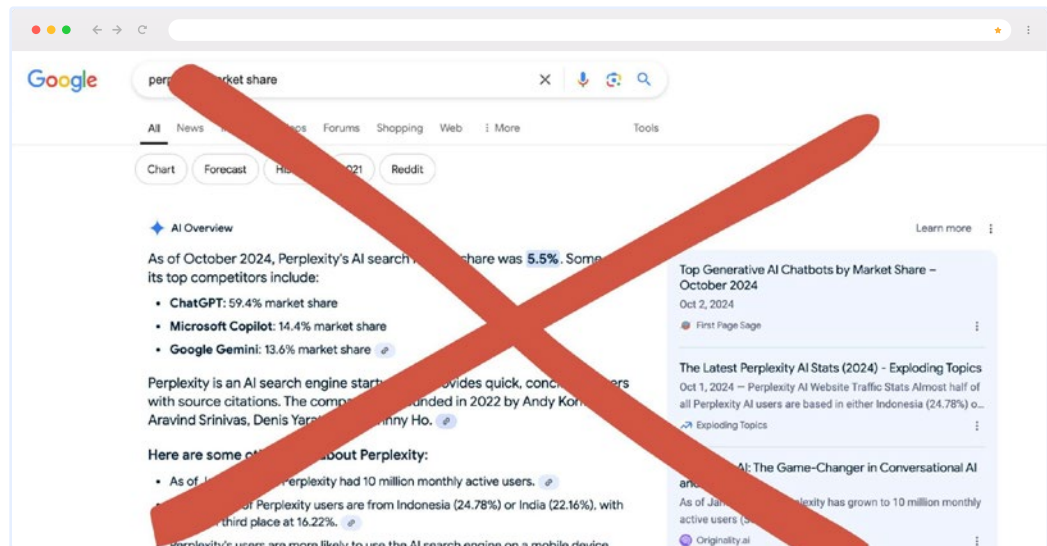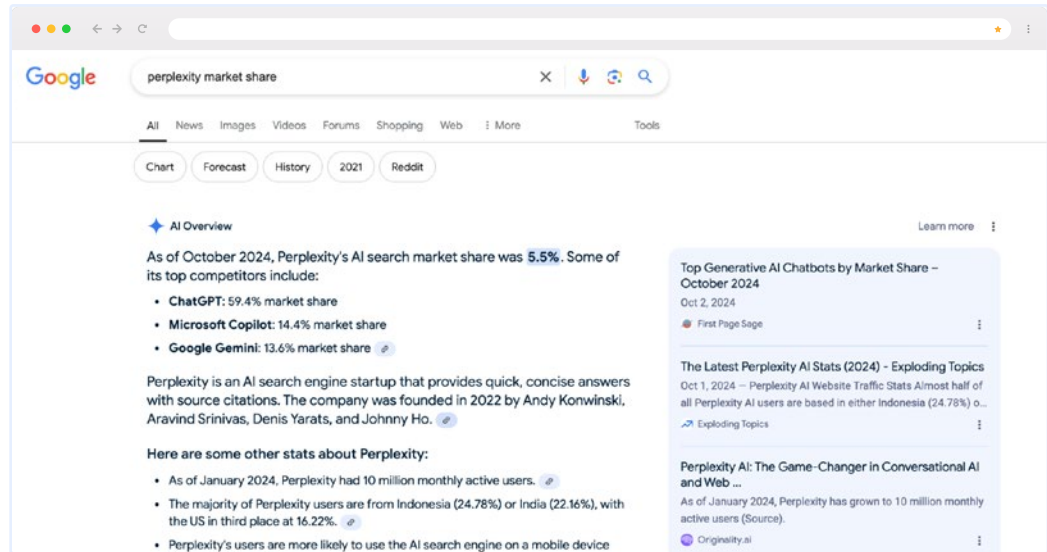
50  https://www.euronews.com/next/2023/12/14/twitter-rival-threads-launches-in-europe-as-the-blocs-big-tech-rules-come-into-play

51  https://www.theverge.com/23789754/threads-meta-twitter-eu-dma-digital-markets

52  https://blog.google/products/search/generative-ai-google-search-may-2024/

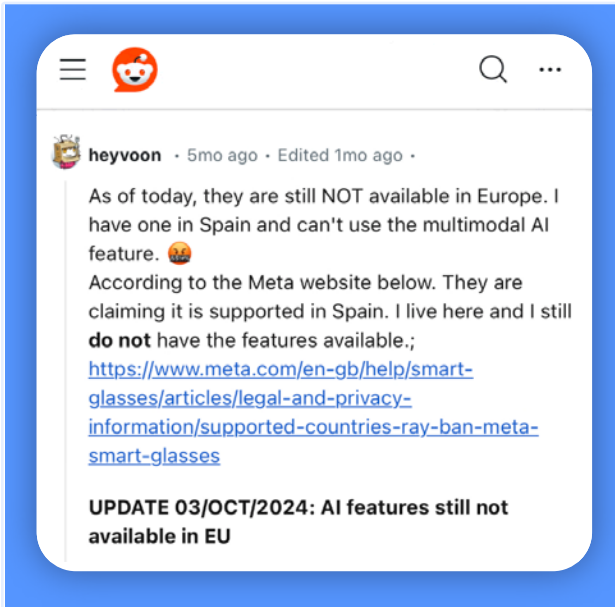53  https://blog.google/products/search/ai-overviews-search-october-2024/

## Meta's AI model

In July 2024, Meta announced that it would launch Meta's AI capabilities in a range of countries, but not in the European Union, due to uncertainties surrounding EU regulations, while other countries, such as the United Kingdom and Brazil, have been able to access and enjoy the Meta AI features.[54,55] The company cited concerns about the unpredictable nature of European regulatory requirements, particularly in relation to data privacy laws like the General Data Protection Regulation (GDPR), the EU's existing data protection law, and its interplay with the DMA.

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54  https://www.axios.com/2024/07/17/meta-future-multimodal-ai-models-eu

55  https://about.fb.com/news/2024/07/meta-ai-is-now-multilingual-more-creative-and-smarter/ (updated 9 October 2024)

This uncertainty has led Meta to withhold new AI features (multi-modal models) that can interpret combinations of video, audio, images, and text, which were intended for products such as smartphones and Meta Ray-Ban smart glasses. Meta's Ray-Ban glasses in the EU also do not have access to AI voice interaction, while UK users do have access (although UK users are still waiting for the full multi-modal AI capabilities)

The regulatory impact of restricting multimodal AI applications limits the availability of digital services that accommodate various learning styles, cognitive abilities, and sensory impairments.[56] As a result, European users will miss out on essential tools for a more productive and innovative future, and communities reliant on these technologies will be disproportionately harmed.

## New Apple Features

For similar reasons, Apple announced at its annual Worldwide Developers Conference that it would not roll out new AI features—Phone Mirroring, SharePlay Screen Sharing enhancements, and Apple Intelligence—for its devices in the European Union.[57] This is a result of DMA's Article 6(7), which mandates that tech companies ensure their products are interoperable with rival services. Apple has expressed concerns that complying with this requirement could force it to compromise the integrity of its products, potentially risking user privacy and data security.[58]

On 28 October 2024, Apple announced the launch of Apple Intelligence, with a range of features that make Apple tools more efficient,[59] like refined writing and editing capabilities, summaries of emails, notifications and voice notes, enhanced image search capabilities, and a more natural and capable smart assistant. Apple Intelligence also allows for creating custom Genmoji, searching for specific messages on an iPhone, and managing priority notifications, among many other useful features. Apple has noted that only

56  https://t.co/19RQuSwmVG

57  https://www.cnbc.com/2024/06/21/apple-ai-europe-dma-macos.html#:~:text=Tech-,Apple%20Intelli-gence%20won't%20launch%20in%20EU%20in%202024,to%20antitrust%20regulation%2C%20company%20says&text=Apple%20will%20not%20roll%20out,from%20the%20Digital%20Markets%20Act.

58  https://www.reuters.com/technology/artificial-intelligence/apple-delay-launch-ai-powered-features-europe-blames-eu-tech-rules-2024-06-21/

59  https://www.apple.com/newsroom/2024/10/apple-intelligence-is-available-today-on-iphone-ipad-and-mac/

a subset of these features will be made available to European users of the DMA designated iPhone and iPad OS, and only in April 2025. As a result, EU consumers, who have expressed their disappointment, will be unable to access the most advanced AI features.

Phone Mirroring and SharePlay Screen Sharing enhancements, which are designed to improve seamless connectivity and collaborative experiences such as between an iPhone and a Mac, will be unavailable. Similarly, the subset of features available with Apple Intelligence means that European users will not benefit from the most enhanced productivity tools and personalised experiences.

*Credit: https://x.com/sdw/status/1833245108420153632*
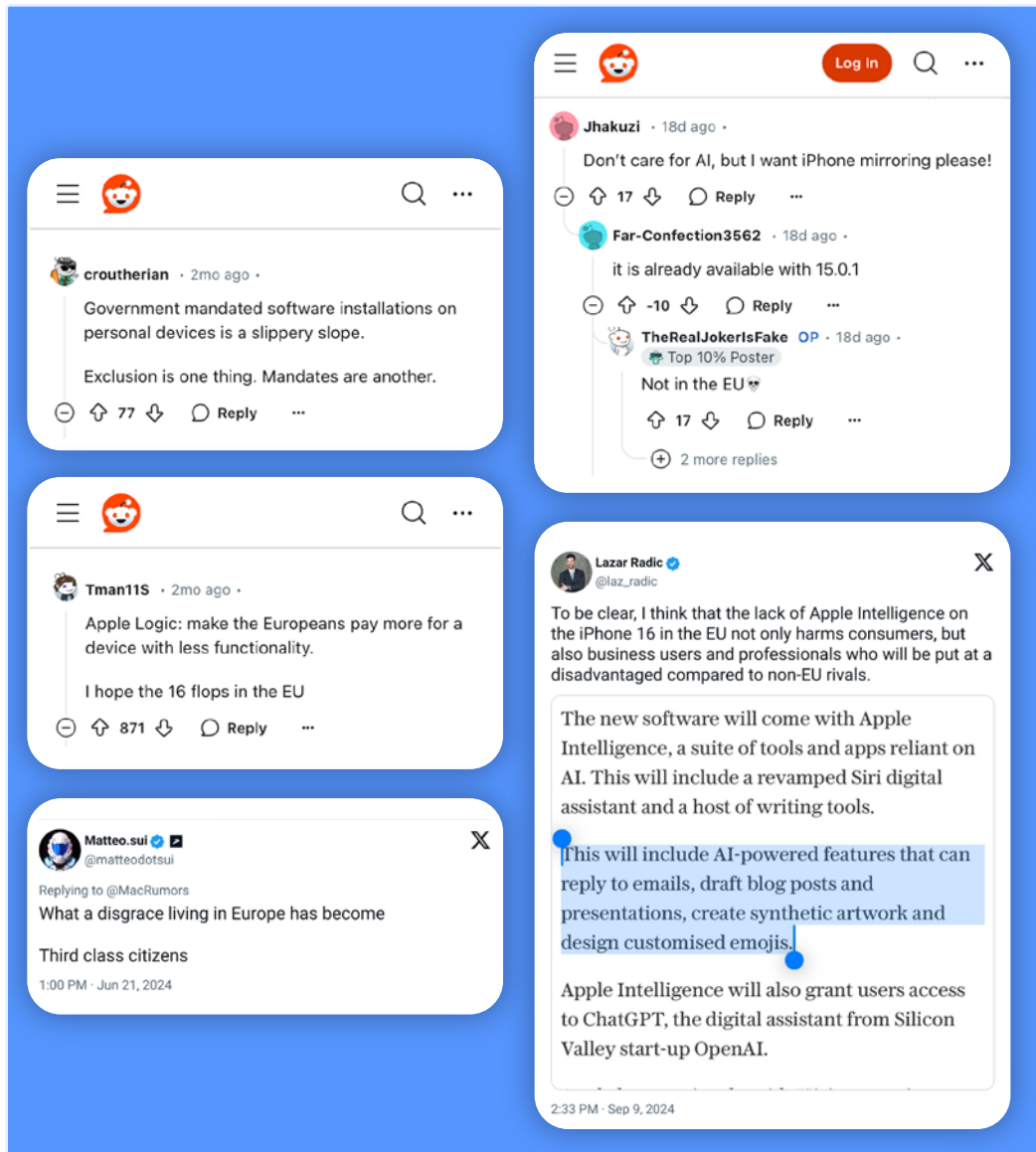
This not only restricts access to cutting-edge features but also deteriorates the overall user experience. Consumers in the EU will face a significant disparity compared to their counterparts in other regions, missing out on new technologies that could enhance convenience, connectivity, and productivity, ultimately leading to frustration for users who are eager to access new capabilities and potentially impacting their daily activities and overall familiarity with cutting-edge technologies.

# 04.
# Conclusion

The Digital Markets Act, touted as a means to foster competition and innovation in the European digital landscape, has done the opposite. Instead, the DMA has made Europeans second-class citizens in the digital economy.

From Google's disjointed search results and maps integration to companies' reluctance to roll out advanced AI features, to the proliferation of potentially unsafe third-party app stores, the evidence is clear: the DMA has drawn a digital curtain around European users, shrouding them in a degraded digital economy.

The evidence presented in this report paints a stark picture of the DMA's real-world impact:

1. **Degraded User Experiences**: European consumers are grappling with more fragmented, less intuitive digital services. From disjointed search results to cumbersome app installations, the DMA has introduced friction where seamless integration once prevailed.

2. **Increased Privacy and Security Risks**: The forced modularity mandated by the DMA has created security gaps and exposed users to greater cybersecurity threats. The introduction of third-party app stores and sideloading has created new vectors for malware and privacy breaches, potentially compromising user data.

3. **Delayed or Unavailable Innovations**: The regulatory uncertainty surrounding the DMA has led to significant delays in the rollout of cutting-edge technologies in Europe. From AI-powered features to new social media platforms, European users are increasingly finding themselves behind the global curve in accessing the latest digital innovations. In some cases, companies have been forced to remove features entirely from their European offerings to comply with the DMA, leaving EU consumers without important innovations compared to their global counterparts.

The cumulative effect of these impacts is the creation of a digital divide between Europe and the rest of the world. This "Digital Curtain" is reminiscent of the Iron Curtain that once separated Eastern and Western Europe, but instead of physical barriers, it consists of regulatory obstacles that are isolating European consumers from the full potential of the digital age.

This is particularly alarming, as it compounds other European policy failures that have caused Europe's economic stagnation and competitiveness crisis which has been the subject of several recent reports.[60]

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60 https://commission.europa.eu/topics/strengthening-european-competitiveness/eu-competitiveness-looking-ahead_en (Draghi); https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf (Letta); https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op268~73e6860c62.en.pdf (European Central Bank)

## ▎ Lessons for Global Policymakers

For policymakers outside the EU considering similar regulations, the lessons from the DMA's implementation should serve as a cautionary tale.

The overly ambitious claims made by the DMA's proponents—promises of increased innovation, better services, and consumer benefits—have been starkly contradicted by real-world evidence. The unintended consequences of well-intentioned but overly prescriptive regulations can far outweigh any perceived benefits. Instead of fostering competition and innovation, the DMA is stifling both, ultimately harming the very consumers it aimed to protect.

This disconnect between regulatory promises and outcomes underscores the critical need for policymakers to demand a solid, empirical evidence base before adopting such radical changes to the digital ecosystem. The DMA's shortcomings demonstrate that without rigorous, data-driven analysis of potential impacts, which was sorely lacking when the DMA was proposed,[61] even well-meaning regulations can lead to detrimental outcomes for consumers and a region's broader digital economy.

As we move forward, it is crucial to reassess the DMA's impact and consider more flexible, innovation-friendly approaches to tech regulation. The goal should be to create an environment where technological advancement and consumer protection can coexist, without erecting barriers that leave citizens as second-class participants in the global digital economy.

The digital world moves at a pace that often outstrips regulatory frameworks. As such, any attempt to govern it must be adaptable, evidence-based, and mindful of the rapid changes in technology. The DMA in its current form fails to meet these criteria, and its consequences are becoming increasingly apparent. In a tacit admission of the DMA's shortcomings, European policymakers are now scrambling to address these issues, and have introduced a range of proposals for the incoming Commission to boost their lagging digital productivity and competitiveness.[62]

This acknowledgment of the need for corrective action underscores the importance for other jurisdictions to learn from Europe's experience, though perhaps not as European policymakers intended. Rather than rushing to implement similar sweeping regulations, international policymakers should carefully consider the real-world impacts of such measures. The goal should be to create an environment where technological advancement and consumer protection can coexist, without erecting regulatory borders that leave citizens as second-class participants in the global digital economy.

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61  https://media.thinkbrg.com/wp-content/uploads/2021/04/11215103/Is-the-DMA-the-Cure_Teece_Kahwaty.pdf

62  https://medium.com/chamber-of-progress/the-european-commission-is-on-a-mission-41d7bfe3321f

Unintentionally, and despite numerous warnings, the DMA has effectively drawn a Digital Curtain around Europe, isolating its citizens from the full benefits of global digital innovation. As this curtain descends, European consumers are left to ponder whether this is the end. Meanwhile, other nations can ensure that their citizens do not become victims of the sequel. Instead of creating walls of separation, policymakers should focus on building bridges ensuring that all citizens can fully participate in, and benefit from, the global digital economy.

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Kay has written numerous reports, papers, and articles on law and policy. He was nominated for the Concurrences Antitrust Writing Awards in 2022 and 2023. He speaks regularly at competition and digital conferences, and has lectured on competition law at several European universities.

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Europe's Digital Curtain

Section

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