#### 9th United Nations Conference on Competition and Consumer Protection Room XIX, Palais des Nations Geneva 7-11 July 2025

### KFTC's Managing synergies in complex market structures and digital economies

#### Presentation

Ms. Jandee Eum Director Business Group Regulation Division Korea Fair Trade Commission Republic of Korea

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# KFTC's Managing synergies in complex market structures and digital economies

**Jandee Eum** Director, Korea Fair Trade Commission



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### The integration of competition and consumer policies

- The KFTC has been fulfilling its 'dual role' in competition and consumer protection as a dual-mandate authorities
  - This enables a coherent response that considers both sides when addressing platforms unfair practices that simultaneously harm competition and consumers
- The consumer perspective is incorporated into the competition law enforcement guidelines
  - "Guidelines on Abuse of Market Dominance by Online Platforms" and "Merger Guidelines consider the impact on consumer benefits an important factor



Fair Trade Commission

## Recent Case - COUPang



- The KFTC sanctioned Coupang Inc. for its control of search results by <sup>①</sup>algorithmic manipulation and <sup>②</sup>making its employees write false review
  - Coupang, the leading e-commerce platform, doubles as a seller of its own products and as an intermediary between consumers and third-party sellers.
  - It secured top slots for its own products through search algorithm manipulation and false reviews and misled consumers believing the search results were based on fair criteria
  - This distorted competition and decreased consumer welfare by undermining consumers' ability to make reasonable decisions.
  - $\Rightarrow$  The KFTC fined Coupang USD 120 million in May 2024

## Recent Case - COUpang



### Broader concept

- The KFTC enhanced both market efficiency and consumer protection by applying "unfairness", which is conceptually broader than anti-competitiveness
- In the Coupang Case, the Monopoly Regulation and Fair Trade Act's provision on fraudulent inducement of consumers (Article 45(5)\*) was applied to the harm to competition and also to consumer deception
  - \* No business entity shall **unfairly** force a competitor's customer to make transactions with the business entity itself that are likely **to hinder fair trade**

### Measure to bridge the gap

 Multiple Measures need to be devised to bridge the gap between traditional enforcement of competition law and consumer protection law

### The commitments system



#### **Commitment decision**

 The KFTC resolves cases through commitment decisions to encourage firms to voluntarily correct unlawful practices and remedy consumer harm

#### Case - Apple Korea



- Forcing mobile carriers to cover Apple's expenses for advertisements and repair services and to permit Apple to use their patents free
- Conditions for a commitment decision included discounts in warranty repair costs and discounts on AppleCare+ service for consumers

### **Preventive efforts**



#### Information Provision, consumer education

 The KFTC operates "Consumer 24", an information platform that provides consumers with essential information on damage relief, product recalls, product comparison, etc.





- The KFTC provides **consumer education** in partnership with consumer organizations
  - "Dark patterns and e-commerce policies", elaborating on the types of dark patterns and related consumer precautions.





### Managing synergies between competition and consumer protection policies

- Integrated policy design
- Enhanced cooperation across authorities
- Incorporating consumer protection perspectives in policy assessment
- Capability building and education initiatives

Thank You