

29 July 2025

Hon. Deputy Hugo Motta
President of the Chamber of Deputies
Chamber of Deputies
Palace of the National Congress
Three Powers Square
Brasília - DF
Brazil
CEP 70165-900

Hon. Senator Davi Alcolumbre
President of the Federal Senate
Federal Senate
Palace of the National Congress
Three Powers Square
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RE: ACT | The App Association Views Regarding Digital Platform Legislation in Brazil

Your Excellencies,

ACT | The App Association represents small business application developers and connected device companies located both in Brazil and around the globe. These companies drive a global app economy [worth more than R\\$ 88 billion](#), [providing hundreds of thousands of jobs](#) in Brazil. App Association members leverage the connectivity of smart devices to create innovative solutions that introduce new efficiencies across consumer and enterprise use cases and rely on a predictable and fair approach to digital economy regulation to succeed and create new jobs.

Considering the dynamics of Brazil's online digital ecosystem in the global market, we kindly ask you to review ways to support Brazil's platform market and app developers through more practical and effective self-regulation. Self-regulation, where companies voluntarily set regulatory requirements in a preventive manner before specific issues arise, is understood as a way for individuals or organizations to exercise their fundamental rights in pursuit of legitimate interests.

The App Association offers its perspective on online platform regulations draft/bills. We urge that, when drafting or amending related laws or policies, a balanced self-regulation approach be adopted that effectively addresses proven market dominance abuse, without hindering the development of Brazil's online digital market, which has positioned the country as a global leader in innovation.

The Value of Platforms to the Small Business Digital Economy Innovator Community

The App Association has previously described the history and dynamics of today's digital markets that enable secure and seamless app distribution for countless small businesses in Brazil.¹ The single most important factor in the app ecosystem's dynamic growth and success is the presence of curated platforms or app stores. Trusted app stores serve as a vital foundation for the growing uses of apps across industries and enterprises. Three key attributes led to the revolution in

¹ <https://actonline.org/wp-content/uploads/App-Association-Ltr-re-PMRA-13-Sept-2024-KR.pdf>.

software distribution. Today every successful platform for mobile, desktop, gaming, and even cloud computing must provide these features or risk failing in the marketplace:

1. The provision of a bundle of services that reduces overhead costs;
2. Instantaneous and cost-effective consumer trust mechanisms; and
3. Cost-effective access to a global market.

One of the central markets at issue in the debate around the role of antitrust in the platform ecosystem—informally, we could call it the market for developer services, where a developer pays a platform for various services including distribution, marketing, etc.—also experience vigorous competition. Certainly, app markets offer immense value that developers realize through lower overhead and compliance costs, built-in customer trust, increased speed to market, and wider distribution and market access. With lower costs and barriers to entry, both fledgling and established app developers can find success. These platforms provide a centralized framework for app developers to engage and secure visibility with the 5 billion app users worldwide while also serving consumers and enterprise users, representing a vibrant two-sided market.

A platform's safety and security are also important elements of developer services. Platforms' security features improved markedly over the course of their existence. Whereas unlocking a device used to require a four-digit passcode, devices are now capable of biometric-based authentication, and platforms make these authentication measures available to developers as well so that they can also benefit from these heightened security measures. But the high stakes game of cat-and-mouse between cybersecurity professionals and hackers will never end, and security must continue to evolve to meet and beat the threats. Although some platforms do not control device security, developers want the platforms' security features to work seamlessly with any relevant hardware and that they account for all attack vectors. Platforms should continue to improve their threat sharing and gathering capabilities to ensure they protect developers across the platform, regardless of where threats originate. Moreover, they should approve and deploy software updates with important security updates rapidly to protect consumers as well as developers and their clients and users. The same is true when it comes to privacy controls. App developers want platform-level privacy controls they can adapt to their products and services. The types and nature of these controls vary among platforms, and this variation should result in continuously improving options that iterate with end-user expectations and privacy risks.

Platforms play an important role in helping small developers enforce their intellectual property (IP) rights. Our member companies' IP helps eliminate the inherent disadvantages of being a small, innovative company by enabling them to protect the fruits of their ingenuity from larger firms that might want to take it. Compared to the past, IP resolution processes have significantly improved across the board, and they are important and in-demand developer services that platforms should improve to compete for developers.

Considerations for Market Dominance Threshold and Competitive Impacts

Brazil's Ministry of Finance is currently proposing sweeping ex ante regulation of digital platform markets, similar to the approaches being taken by the EU and the United Kingdom. We believe Brazil's online ecosystem differs substantially from others (e.g., the EU) and urge Brazil to continue nurturing the dynamic nature of its digital market where global tech companies and small

developers coexist and flourish. Maintaining this vibrant ecosystem requires a flexible regulatory approach that avoids disproportionately burdening small developers by distorting pro-competitive dynamics within the existing ecosystem. Given that gatekeeper regulation is a relatively new concept, it should be carefully crafted and implemented with a clearly defined purpose. Before introducing such regulation, policymakers should thoroughly assess both the benefits and potential adverse effects on users and consumers, carefully evaluating the impacts of existing regulations and their impact on competitiveness and trade. Ultimately, it is essential that any proposed regulation does not impede competition or stifle innovation in Brazil.

In this light, legislation to regulate gatekeepers in nascent and developing markets must be backed by clear and specific justification to avoid unintended consequences. Designating certain platform operators based on predetermined criteria may create a stigma effect, effectively labeling companies as potentially abusive before any illegal acts have been established. Further, in a rapidly evolving platform market, this approach could discourage platform operators from pursuing growth opportunities, reduce internal and external investment, and conflict with the principle of respecting private autonomy.

The role of existing platforms in supporting and growing smaller companies across both developed and developing markets is a critical goal when balancing the benefits and potential drawbacks of broad regulations on online platforms. A comprehensive review of such a regulation may be necessary, but special attention should be given to ensuring that regulation does not impair the essential functions of online platforms that protect consumers in preventing fraud, protecting privacy, and enhancing usability. We urge Brazilian legislators to carefully consider the potential negative impact on digital businesses and markets in Brazil when discussing regulations related to dominance-related regulations, and to consider self-regulation as a potential solution.

We urge Brazilian policymakers to exercise caution when making blanket characterizations of pro-competitive practices that enhance consumer choice. For example, in markets with multiple viable platforms, self-preferencing and tying practices often promote efficiency and quality improvements for consumers. Additionally, proposed regulations on tying fail to account for the specific dynamics of online platform markets, which often consist of products and services constantly evolving to meet consumer demands, with consumers perceiving the various services provided by a platform as a single, integrated experience. It is unreasonable to separate platform services from other goods/services without a justifiable rationale and to treat any linkage as illegal tying. Regulating these practices, as defined in the legislation, would limit consumers' ability to use more integrated online platforms, ultimately reducing consumer choice.

We strongly urge Brazilian policymakers to recognize that practices yielding greater efficiency, quality, or lower costs for small business developers and the consumers they serve—with minimal antitrust issues particularly when users face little-to-no switching costs—should not be prohibited by government mandates. Considering that smartphones now serve as music players, cameras, and multi-modal communication devices, a narrow view of one feature without recognizing value derived from other aspects is inconsistent with how consumers experience these devices. Moreover, Brazilian policymakers can, and should, expect hyper-competition in digital markets to discourage harmful self-preferencing since consumers can easily leave platforms due to low switching costs. Just as in other market categories, antitrust inquiries into self-preferencing are only warranted when a company first possesses market power and then uses that power to harm competition and consumers.

Platform Restrictions Could Limit Brazil's Tech Policy Priorities

Fundamentally, restrictions like those being considered by Brazil limit the ability of designated gatekeepers to exclude third parties from their platforms. But degrading the ability of platforms to decide which third parties can join can have negative consequences for other policy objectives. For example, policymakers in Brazil have been focused in recent years on content moderation and addressing the spreading of misinformation online. Issues with certain social networks recently culminated in a Supreme Court decision affecting platform liability.² Brazilian policymakers should be aware that if they create too many impediments to platforms' ability to decide what can be done on their platforms, policy goals like increased or improved content moderation may not be feasible.

In addition, Brazil has become a major hub for data centers in South America and is seeking to attract significantly more investment in the coming years. Recently, for example, the city of Rio de Janeiro launched a R\$ 362 billion plan to construct 3 gigawatts of data center capacity by the early 2030s.³ In addition to proposed tax measures under consideration by the federal government, Brazil's investments could lead to the country becoming a major player in key tech segments such as Artificial Intelligence. However, a restrictive regulatory environment for some of the biggest participants in these growing markets could hamper these ambitions.

Finally, in addition to the public policy and feasibility issues discussed above, we urge Brazilian policymakers to carefully consider whether its proposed platform regulation would violate obligations under important trade agreements, and harm Brazil's efforts to develop future agreements with important trading partners.

Conclusion

The flexibility and accessibility offered by platforms are crucial for the growth and sustainability of small companies across Brazil. These platforms reduce overhead costs and provide effective distribution channels, allowing these businesses to compete globally. Imposing improperly scoped regulation to this nascent ecosystem risks undermining these benefits, particularly if platforms restrict access or increase costs due to compliance burdens. We believe Brazil's approach should prioritize maintaining a competitive environment that supports small companies and startups. The presumptions being proposed by Brazil could jeopardize the existing relationship between online platforms and small developers, balancing enforcement efficiency and accuracy within competition law. In situations where market definition and market failure are unclear and the risk of overregulation is greater, choosing competition and innovation over unprecedented and excessive regulatory approaches would reflect an appropriate direction in Brazil's approach to digital competition.

Ultimately, Brazilian platform regulations create the potential of altering today's hyper-competitive app economy to resemble an environment where high compliance requirements widen the moat around established players and raise costs and reduce operational flexibilities for the small

² <https://www.techpolicy.press/brazils-supreme-court-overturms-platform-liability-rulesnow-comes-the-challenge-of-whats-next/>.

³ <https://www.msn.com/en-us/news/world/rio-unveils-65bn-ai-hub-as-brazil-courts-global-data-centre-investment/ar-AA1lgzql>.

businesses. Any changes to Brazilian competition law should be preceded by substantial study and effort to preserve the pro-competitive dynamics of curated online marketplaces discussed above.

We urge Brazilian policymakers to adopt a self-regulation approach in revising the online platform laws, one that supports the growth of businesses and job creation in Brazil. Additionally, we request that the legislation discussion ensures fair competition while fostering the continued innovation of Brazil's vibrant online digital economy, and that the opinions of various stakeholders are adequately reflected through transparent and ongoing discussions with the industry.

Thank you for the opportunity to share our perspectives on this important issue. We welcome further discussion on how best to support fair and effective regulation in Brazil that sustains and strengthens the vibrant online digital economy.

Sincerely,

A handwritten signature in black ink, reading "Morgan Reed". The signature is fluid and cursive, with the first name "Morgan" and the last name "Reed" clearly distinguishable.

Morgan Reed
President

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