# Labour government’s close ties with big tech raise concerns over UK creative industries and fair competition



The relationship between the UK government and big tech is increasingly fraught, as highlighted by former Google CEO Eric Schmidt’s recent comments at an investment summit. Schmidt noted that the UK offers “so many ways that people can say no,” revealing a major obstacle to attracting investment. However, a critical examination of the current Labour government reveals a troubling trend: an uncritical alignment with large tech firms that threatens to marginalize smaller players and vital sectors like the creative industries.

The dominant role of US tech giants such as Google, Amazon, and Meta in the UK economy is undeniable, with their combined market valuations in the trillions of pounds offering these corporations disproportionate access to policymakers. Inside sources from the tech sector have indicated that inflated job creation claims allow these giants to navigate Whitehall's corridors with ease, enabling them to exert significant influence over government decisions.

In light of this reality, Peter Kyle, the Secretary of State for Science, Innovation, and Technology, has ramped up his engagement efforts with tech companies, reportedly increasing communication frequency by 70% compared to his predecessor. While he may consider this a positive step, it raises serious concerns among critics, including Tim Flagg, CEO of UKAI, who warns that the voices of smaller UK tech firms are being drowned out. Flagg asserts that the government’s ambitions for growth would be better served by acknowledging and integrating a wider range of business perspectives.

The government's recent proposals concerning copyright law further exacerbate this troubling dynamic. With plans to allow AI firms to exploit copyright-protected works without prior permission through an "opt-out" mechanism, many creators feel that their work is at severe risk. High-profile figures like Paul McCartney and Dua Lipa have decried this as a pathway to "mass theft" of creative works, culminating in a collective outcry from over 400 artists demanding enhanced copyright protections.

This ongoing copyright debate symbolises a broader challenge for the Labour government as it tries to juggle the interests of an expanding tech sector with those of the creative industries—both crucial for a thriving UK economy. Critics warn that the current approach not only jeopardizes the invaluable creative sector but also undermines ambitions to position the UK as a front-runner in AI and innovation. Diluting protections is not a viable strategy if the government aims to foster global competitiveness in these fields.

Additionally, while the government’s digital services tax aimed at big tech firms remains intact despite a recent trade deal with the United States, it points to the intricate balancing act required in both domestic and international arenas. Critics argue that such fiscal measures are essential to ensure tech giants contribute equitably to the UK economy, although they have provoked tensions with American corporations.

Broader reform efforts have emerged in other areas, such as criminal justice. Justice Secretary Shabana Mahmood advocates for integrating advanced technologies to monitor offenders as a means to alleviate prison overcrowding. Her vision for a "prison outside prison" includes AI surveillance entwined with rehabilitation plans, ostensibly part of Labour's tech-forward governance approach. Yet, like the copyright dialogue, this initiative necessitates careful management to avoid the pitfalls encountered in previous technology projects.

As the Labour government navigates its identity and economic strategy within a swiftly progressing digital landscape, its ongoing engagements with big tech will undoubtedly remain a central battleground. The challenge will be to harness technological advancements without compromising the varied landscape of UK industries that depend on strong protections and fair competition.

In discussions regarding its future roadmap, Keir Starmer has emphasised that growth must be at the forefront of policy-making. Nevertheless, balancing this growth-centric agenda with the protection of domestic interests—especially in the creative sector—will be a daunting task for an administration grappling with the intricacies of a transforming technological and economic environment. The question remains whether the Labour government can rise to this occasion without abandoning the foundational pillars of competition and fairness that have historically bolstered the UK economy.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.theguardian.com/technology/2025/may/14/labours-open-door-to-big-tech-leaves-critics-crying-foul> - Please view link - unable to able to access data
2. <https://www.ft.com/content/5a6601f7-a9c9-4f3b-a205-b4f8fe3e688d> - Over 400 leading UK musicians, artists, and media executives, including Sir Paul McCartney, Elton John, Dua Lipa, and Richard Curtis, have signed a letter urging Prime Minister Sir Keir Starmer to support stronger copyright protections against unauthorized AI usage. They advocate for an amendment to the Data (Use and Access) Bill, proposed by Baroness Beeban Kidron, which would require AI developers to disclose which specific copyrighted materials—such as music, books, and films—have been used to train their models. The amendment aims to ensure transparency and prevent what is described as the mass theft of creative works by AI firms. Although the amendment was recently defeated in the House of Commons, it faces another vote in the House of Lords. While the government has proposed its own amendments and insists that all options remain on the table, many creators fear that without explicit legislation, tech companies will bypass copyright protections. The letter cautions that neglecting creators’ rights could undermine the UK’s global standing in the creative sector and damage long-term economic prospects. Advocates argue that the proposed measures are vital to foster a robust licensing market and maintain the UK’s leadership in both creative and AI industries.
3. <https://www.reuters.com/business/retail-consumer/britains-digital-tax-big-tech-not-impacted-by-trade-deal-2025-05-08/> - Britain announced that its digital services tax, which impacts major U.S. tech companies like Amazon, Google, and Meta, will remain in place despite a new trade agreement with the United States. The tax, set at 2% of revenues generated in the UK by large tech firms, has drawn criticism from U.S. President Donald Trump, who views such taxes as unfairly targeting American companies. Approximately 20 countries have implemented similar measures. The recent trade deal between the UK and the U.S. does not alter the digital tax but includes provisions to simplify export procedures for British businesses, potentially offering economic benefits by easing access to the U.S. market.
4. <https://www.ft.com/content/438f421c-ca4e-4201-b450-33bbd2e0c5aa> - UK Justice Secretary Shabana Mahmood has called on major technology firms like Microsoft, Amazon Web Services, and Google to help implement advanced surveillance systems to monitor criminals outside of prison, under a plan described as creating a “prison outside prison.” This initiative aims to address overcrowding in prisons and reduce incarceration costs. The plan aligns with an anticipated policy shift in the new Labour government under Prime Minister Sir Keir Starmer, supported by a forthcoming review from former Conservative justice secretary David Gauke advocating for reduced sentences and fewer incarcerations. Mahmood emphasized the use of artificial intelligence, sophisticated tagging technologies, drug and alcohol monitoring tags, and biometric "gait recognition" systems to track and rehabilitate offenders in the community. While acknowledging past failures in public sector technology rollouts, Mahmood expressed determination to avoid repeating past mistakes. Experts like former Bar Council chair Sam Townend KC see potential in tech-based solutions but caution that these efforts require rigorous management due to the Ministry of Justice’s poor track record in IT procurement. The move reflects a broader transformation in penal policy, aiming to balance public confidence, rehabilitation, and efficient resource use.
5. <https://www.ft.com/content/43491c6d-c6d7-40ae-827b-2fcd61b7ab89> - Transatlantic cooperation on antitrust regulation between the U.S. and EU is fraying under the new Trump administration. Previously characterized by close collaboration and mutual respect, exemplified by cooperative efforts under Biden, relations have soured with harsh criticisms replacing camaraderie. At a recent International Competition Network conference, U.S. FTC chair Andrew Ferguson criticized EU regulators for hindering competitiveness and over-regulating, signalling a shift towards more nationalistic and deregulation-focused policies. This rhetoric worries legal experts, who warn that fragmentation could lead to regulatory uncertainty and harm global enforcement efforts against Big Tech. EU officials, including competition chief Teresa Ribera, maintain that cooperation persists on key enforcement cases, such as ongoing lawsuits targeting Google, Meta, Apple, and Amazon. However, there are concerns about divergences in policy, particularly on environmental sustainability and rulemaking. While some softer diplomacy continues, notably with the UK, which is adjusting its regulatory approach under PM Keir Starmer, tensions remain high. Ferguson’s confrontational tone, particularly targeting the EU’s Digital Markets Act, has surprised European officials and raised doubts about future collaboration. Legal experts stress the importance of maintaining consensus to effectively manage global antitrust issues, especially as jurisdictions reevaluate their enforcement and regulatory strategies.
6. <https://www.reuters.com/technology/uk-investigate-apple-googles-mobile-ecosystems-2025-01-23/> - The United Kingdom's Competition and Markets Authority (CMA) has initiated an investigation into Apple and Google's dominance in smartphone operating systems, app stores, and browsers. This is the second time the CMA is utilizing its enhanced regulatory powers to monitor major tech companies. The investigation aims to determine if Apple and Google hold "strategic market status" in mobile ecosystems and assess their impact on users and businesses developing content and services. Nearly all smartphones in the UK utilize either Apple's iOS or Google's Android, granting these companies considerable influence over technological developments. Both Apple and Google have defended their positions, with Apple highlighting its role in supporting jobs in the UK and Google emphasizing the openness of Android. The CMA will scrutinize competitive practices between the two, focusing on whether they favor their own apps and services or impose unfair conditions on developers. The investigation is set to conclude by October 22, 2025.
7. <https://www.ft.com/content/57b391a0-c531-4cde-a5e9-c5d60b21a161> - The British government has ordered Apple to create a "back door" to its encrypted iCloud storage service under the UK Investigatory Powers Act, often referred to as the "Snoopers' Charter." This directive could allow UK law enforcement and security agencies to access iPhone backups and other cloud data globally. The request has received significant backlash from privacy advocates and tech companies, who argue that such measures would weaken global security and privacy protections. Critics fear that this sets a dangerous precedent that other countries might follow, ultimately threatening the encryption standards used by billions worldwide. Apple has previously opposed such demands, suggesting it may withdraw certain services from the UK rather than compromise their security. Proponents of the act argue that it provides essential tools for national security and combating crime, while opponents highlight the potential risks to cybersecurity and individual privacy rights.