

TENTH ANNIVERSARY OF EU OPEN INTERNET REGULATION

Remarks of Tom Wheeler

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It is a great honor to join Chairwoman de La Raudière and this distinguished group today.

Shortly after the Federal Communications Commission (FCC) adopted our Open Internet Order, the agency's general counsel and I were invited to join the BEREC meeting in London where the EU's open internet policies were taking shape.

What I learned in those days together was something I have carried with me ever since. I saw how nation-states can work collectively without sacrificing their sovereignty.

This is a lesson I think of frequently as President Trump seeks to impose his opinion about digital policy on the EU and others. I have previously [written](#) that the Trump policies in favor of a handful of incumbent companies constitute twenty-first century digital mercantilism.

History offers a cautionary tale for such behavior.

Earlier mercantilist systems allowed companies to prosper under the shelter of state protectionism. But that same protection dulled the discipline that comes from competition. Over time, that lack of rigor left was their downfall.

As an American, I am proud of the innovations our entrepreneurs have given the world. As a history buff, former regulator, and capital C capitalist, I agree with Adam Smith's observation that free markets function best when there are rules.

In an interconnected world, however, such rulemaking is no longer simple. This is where what I learned at the BEREC meeting has been so helpful.

What I observed was centralized guidance paired with decentralized enforcement. Not identical rules, but compatible ones. Compatibility, I learned, is more important than conformity.

Different legal systems, markets, and cultures were respected, yet the result was comparable regulatory treatment across Europe.

For this Yank, it was an eye-opener.

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In the decade since, as digital markets have become truly global, these lessons have only grown in relevance.

Especially now. Because we have entered the AI era.

On both sides of the Atlantic, we are debating policy for the most consequential technological transformation since Gutenberg. And once again, the central issue is familiar: will bottlenecks be allowed to determine who can innovate, compete, and participate?

That was the question at the heart of the open internet debate. And it is the same question we face with AI.

It is fascinating, but not surprising, that the companies that championed non-discriminatory networks went on to build closed discriminatory superstructures atop the open internet.

They used openness to grow. Then they used dominance to control data, distribution, and markets.

Now those same companies have leveraged their platform dominance to become leaders in the development of AI. In the process they appear to be importing the same discriminatory and non-competitive behavior to their new activities.

It should be a flashing warning signal to us all because decisions with potentially existential consequences are increasingly being made by a small handful of individuals operating beyond meaningful public oversight.

Many of these firms are the same ones that, during the platform era, externalized costs and risks onto society. They promised public interest benefits. What they delivered were closed systems that infringed on personal privacy, spread misinformation, and put children at risk.

Today, these companies control the AI stack—from essential inputs to cloud computing and foundation models. And they are once again positioned to shape the future in ways that favor themselves by putting the risk of their actions onto society.

We have evolved from the need for an Open Internet to the necessity of Open Intelligence.

Open broadband networks were important to keep dominant networks from extorting digital platforms.

Those platforms used that openness to grow from startups to giant corporations that now dominate their markets.

On their path to digital dominance, these companies created anti-competitive chokepoints.

They collected and then hoarded previously private information.

They built massive cloud computing infrastructures.

They leveraged control of distribution to favor themselves and their products.

Following the same playbook, the companies we have come to know as Big Tech are now becoming Big AI.

Typically, we hear AI discussed in terms of ever-bigger models. Those foundation models are important because they provide the power.

But history teaches us something important: The transformational effect of a new technology is not the principal technology itself, but the secondary effects associated with its application.

The AI economy is an application economy.

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This means that AI policy must focus on the diffusion of AI applications. And diffusion requires openness—specifically, openness at AI's critical chokepoints.

There are three:

First, data.

Data is the fuel of the AI economy. Scaling AI's capabilities requires volume and diversity of data.

Just as open internet policies ensured nondiscriminatory access to networks, open data policies are needed to ensure nondiscriminatory access to the raw material of intelligence.

Without data interoperability, portability, and shared access competition and innovation inevitably stall.

Second, compute.

If data is the fuel of AI, computing capability is the engine.

Today, approximately [two-thirds](#) of the world's cloud computing capability is controlled by three companies—each racing to dominate AI. We hear seemingly daily about new data center investments. McKinsey & Company [estimates](#) that \$5.2 trillion will be spent globally on new AI data centers by 2030.

The stated rationale for such investment is the necessity to “scale”—to improve model performance by expanding data input and compute power—in the quest of artificial general intelligence (AGI) equivalent to human intelligence.

But policymakers must ask a harder question: Are these investments about innovation or about establishing the ultimate bottleneck?

Compute begins as a technical advantage. It quickly becomes a strategic and anticompetitive moat.

This moat is often hard to observe, but includes preferential access, bundled services, long-term tie-ins, and opaque pricing structures. All of which favor incumbents and foreclose competition.

Finally, the models themselves.

The dominant foundation models are overwhelmingly closed. They represent the final bottleneck.

Despite open models being cheaper, and often comparable in performance, closed models [capture](#) approximately 80 percent of usage and 96 percent of revenue.

Why?

Because closed AI model providers lock in developers. They force applications to be built around proprietary technological capabilities. Switching, thus becomes costly, risky, and operationally difficult.

At the center of this sits the API, or application programming interface. APIs do more than connect applications to models. They shape what applications can do, how they evolve, and which innovations are possible.

By controlling APIs, closed model owners govern the evolution and diffusion of AI itself.

The result is predictable: Innovation is suppressed. Costs rise. Risk concentrates. Diffusion slows.

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The oversight principle of the AI era is simple: Prevent bottlenecks...Promote diffusion.

The purpose of openness in the lower part of the AI stack is to promote competition-driven innovation at the top.

AI will not transform our economies because a few firms train large models. Transformation will come from what those models enable as applications across society.

That is where productivity grows. That is where discovery begins. That is where opportunity expands.

We cannot reach that transformational moment if a handful of firms control the essential components and see their future as expanding into control of the applications.

A competitive market of application developers is critical.

The lesson of the open internet was clear: innovation flourishes when power has guardrails and opportunity is diffused.

The lesson of AI will be no different.

Collectively, we must all seek a common purpose that reflects the transnational characteristic of this amazing new development.

Thank you.