CONTRIBUTION TO CADE'S ADMINISTRATIVE INQUIRY 08700.003498/2019-03

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ARTIGO 19
IDEC – INSTITUTO DE DEFESA DE CONSUMIDORES
CENTRO DE TECNOLOGIA E SOCIEDADE – FGV DIREITO RIO

18 NOVEMBER 2025

Public Submission of Evidence and Analysis in Administrative Inquiry

Honorable CADE Counselor Diogo Thompson de Andrade,

FOXGLOVE, a UK registered non-profit Community Interest Company (number 12052097), registered at International House, 36-38 Cornhill, London, EC3V 3NG, together with the undersigned organisations, respectfully submit the enclosed evidence and analysis to Conselho Administrativo de Defesa Econômica ("CADE") in connection with the ongoing Administrative Inquiry concerning Google Inc. and Google Brasil Internet Ltda. ("Google").

This submission is made pursuant to Decision 38/2025/GAB2/CADE, which invited contributions from civil society, associations, and other stakeholders to support CADE in assessing the potential competitive effects of Google's conduct in online search and digital advertising markets.

The evidence presented is based on an independent study conducted by Authoritas[1], a leading analytics firm specialising in search data and digital visibility. The study assessed the penetration of AI generated overviews ("AI Overviews") in Google Search and demonstrates, through a comprehensive analysis, that those overviews have a significant impact on the visibility and accessibility of journalistic content in Brazil.

[1] www.authoritas.com

This issue is not isolated to Brazil: similar concerns about Google's use of publisher content, snippets and AI Overviews have been filed in complaints and investigations in other jurisdictions, including the European Union, the UK, Italy and the US, highlighting that these practices are under international scrutiny. Recently in the UK, the Competition and Markets Authority designated Google's general search service as having 'Strategic Market Status' and explicitly added Google's AI Overviews feature into its scope of concern, mentioning that "*a better-functioning market could help ensure that people can access a wide range of high-quality, accurate content which is attributed effectively, and that publishers are treated fairly where their content is used in search.*"

Below we outline why Google's AI Overviews are harmful as well as amount to an abuse of dominance. Subsequently we provide a summary of the study's key findings and analysis. Through this submission, the undersigned organisations seek to contribute factual and analytical elements that highlight the broader competitive and societal implications of these practices, including their impact on the economic viability of journalistic content producers, on the plurality of information available to the public, and more broadly on the functioning of our democracies and the rule of law.

If CADE considers this line of inquiry to fall outside the scope of the current proceeding, we suggest that a new investigation specifically focused on this matter is initiated.

Background: Why Google's AI products are harmful and an abuse of dominance

When users use Google to search for information, increasingly the first organic web result will be over halfway down the page. In its place is an AI Overview (AIO), an AI-generated summary that attempts to answer the user's question. Many users, rather than clicking through to a webpage, will find the answer to their query in the AIO and leave.

For most of its existence Google has had a simple bargain with publishers. Publishers allow Google to access and scrape all of the material on their sites. In return, Google indexes publishers on its search engine results page (SERP) in a way that gives them visibility to users seeking information.

Google is now breaking that bargain. Its generative AI features, AI Overviews and AI Mode, were trained on data scraped from publishers without permission or compensation. They return results generated from scraping those sites, again without permission or compensation.

Users increasingly find their queries solved by Google without leaving the SERP, a phenomenon known as 'zero-click'. The consequence of this is that publishers have lost, and

continue to lose, visitors to their sites. If they are ad-supported, they lose ad revenue. If they are subscription-gated, they lose the possibility of being discovered by new subscribers.

If publishers wish to opt out of having their content scraped by Google for its AI, they are able to do so. In return, however, Google will delist them from search entirely. Given that Google owns 90% of the search market, this is a death sentence for publishers' discoverability, and therefore their business.

Publishers whose business model depends on advertising revenue also directly compete with Google, which sells advertising space on its SERP. As such, Google is engaged in self-preferencing by listing its own product (the AI Overview) at the very top of the search page above its competitors' products. This action by a monopoly is a clear abuse of dominance.

We believe that publishers deserve to be compensated fairly for their work, to have a meaningful ability to opt out of being scraped for Google's AI products, and that a healthy news ecosystem is effectively protected.

Evidence supporting the impact of Google AI Overviews on publisher traffic

Methodology

To measure whether AI Overviews are having an impact on Brazilian publishers, and the severity of this impact in terms of visitors, Authoritas conducted a thorough study - the enclosed overview of the analysis outlines details on methodology and findings. They have conducted a similar study previously for the UK market.

Authoritas compiled a representative set of around 5,000 keyword phrases that consumers search in Google.com.br, that generate visits to Brazilian national, regional and local publisher websites.

With each of these keyword phrases they analysed Google's SERP (Search Engine Results Page) to understand when Google's AI Overviews appear, how much space they take up when they do, and what sources tend to appear in them. They then used generally accepted SEO (Search Engine Optimisation) industry standard methods to estimate the impact of the AI Overview feature on traffic to publishers' websites.

It is worth noting that Google has refused to share detailed data which would allow publishers to assess for themselves the impact of AI-generated overviews. In the absence of this first party data, Authoritas' study adopts a conservative estimate of the impact of AI Overviews on traffic to publishers on Google. Even with this cautious approach, the results show a clear reduction in traffic; the actual impact is potentially even greater.

Findings

Authoritas found that AI Overviews appeared on 35.3% of the keywords and took up an average of 546 pixels' space (just over half of the vertical space on a typical desktop screen). The top-ranked organic result on Google, in the absence of an AI Overview, could typically expect a click-through rate of 21.4%. When an AI Overview appears, Authoritas estimates this drops to 8.93%.

This means that when an AI Overview appears on a search, publishers who previously held the top spot can expect that they will lose 58.3% of the visitors for that query. Accounting for the 35.3% penetration of AI Overviews, this gives an estimate of a **minimum of 20.6% drop in total traffic** to publishers. That is devastating for ad-supported web publishers.

Further, Google has claimed that they "aim to not show AI Overviews for hard news topics, where freshness and factuality are important". Authoritas' research showed this to be untrue for the Brazilian market. The 'Notícias Específicas Atuais' category (recent news and current affairs) had an AI Overview penetration of 35.3%. This is even higher than some other categories of news keywords that are not about recent events.

Authoritas write, "*Having conducted over 50 public and private studies of Google's SGE (Search Generative Experience (Beta Version and predecessor to AIOs) and AI Overviews) this is what was expected. Once a news story has been on the web for a very short period of time, it seems very likely that it is a candidate to be summarised by an AIO."*

Clearly Google is allowing its AI Overviews to appear, in the Brazilian market, even in places where it promised it would not because "freshness and factuality" are important. This creates a further harm as it threatens to undermine the integrity of the information ecosystem if AI Overviews, which are notorious for containing errors, are being used by consumers as a substitute for real journalism also on current affairs.

Impacts for information environments, democracies and the rule of law

These practices have consequences that go beyond competition and market dynamics. By diverting traffic and revenue away from news publishers, Google's actions threaten independent journalism, reducing the capacity of media organisations to produce high-quality reporting. News media is well known as an industry that has struggled to sustain itself in recent years. Publishers cannot simply swallow an average of a 20.6% reduction in traffic to their websites without being severely financially impacted. They will have to make cuts. That means newsrooms gutted and fewer journalists doing the vital work of documenting and investigating the world, which affects the diversity of information available for the public,

limiting exposure to alternative viewpoints and weakening informed debate in our already very polarised societies.

This has a particularly profound impact on local, regional, and special interest journalism. Larger publishers have in some cases been able to make deals with Google to be compensated for its AI bots scraping their work. Smaller outlets have not had these opportunities, and time is running out to save them.

Independent journalism is vital for transparency, accountability and democratic governance in a society. By threatening the sustainability of news publishers and making it even harder for citizens to access diverse and reliable sources, practices such as AI generated overviews can have serious implications for democracy and the rule of law.

Without a healthy news ecosystem, the information environment decays. The powerful and wealthy cannot be held to account. Citizens cannot be fully informed. Democracy cannot properly function. We consider Google's AI products an existential risk not just to newsrooms but to the quality of the information environment as a whole, and therefore to democracy.

We urge you to incorporate these findings into your investigation, and to take seriously the impact these products are having on Brazilian publishers.

Please let us know if it's preferable to have this letter and the enclosed study findings translated into Portuguese. We are happy to promptly provide that.

Sincerely,

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