

# EU moves against chipmaker Broadcom in latest US tech salvo

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Broadcom said it would comply with the EU order, then appeal

The EU's powerful anti-trust authority on Wednesday ordered US chipmaker Broadcom to immediately halt uncompetitive sales practices, using an unprecedented weapon against US big tech.

The European Commission took the extremely rare move of ordering interim changes from one of Silicon Valley's pioneer companies while the EU investigation is still under way, citing "irreparable" threats to competition.

The move comes at a delicate time in transatlantic relations and risks raising the hackles of US President Donald Trump, who has accused the EU repeatedly of unfairly targeting US giants.

It also falls two days before \$7.5 billion worth of European goods will be slapped with US tariffs in retaliation for illegal EU subsidies to Airbus, the planemaker.

EU Competition Commissioner Margrethe Vestager warned that Broadcom's behaviour "is likely, in the absence of intervention, to create serious and irreversible harm to competition".

"We have strong indications that Broadcom, the world's leading supplier of chipsets used for TV set-top boxes and modems, is engaging in anticompetitive practices," she said.

## **Comply then appeal**

Broadcom in a brief statement said it intended to appeal the decision in the European courts "and in the meantime comply with the commission's order".

With the order, Vestager significantly stepped up her scrutiny of US tech giants. Investigations typically drag on for years before companies are fined or ordered into compliance.

A landmark case against Microsoft played out for close to a decade while a case against Google on its shopping service took seven years to

reach the penalty phase.

Vestager is considered a scourge of US big tech, after launching cases against Google, Apple and Amazon. She will begin a five-year term at the European Commission later this year with even more powers to regulate.

The ongoing investigation centres on Broadcom's highly popular TV and modem chipsets, devices that offer television and [internet access](#) to customers at home or work.

The commission said it has obtained information that Broadcom might be requiring firms to buy only its components, or granting them rebates and other advantages if they buy in high volume.

The commission said it had also heard Broadcom might be bundling products or deliberately undermining the "interoperability" between Broadcom products and other products.

The commission in June sent a "statement of objections on interim measures" to Broadcom requiring it to swiftly stop such alleged practices and the company now has just 30 days to implement the changes.

## **Big fines**

Meanwhile the anti-trust investigation against Broadcom will continue, with the company at risk of major fines that can technically go as high as 10 percent of annual sales.

In 2009, Intel was fined one billion euros (\$1.1 billion) in a similar case.

Other tech giants have also had to fork out to the European Union: Google accumulated eight billion euros in fines, while Qualcomm was

recently fined one billion euros.

The affair takes place as European nations prepare to respond to new US tariffs on EU goods after Washington got the go-ahead from the World Trade Organization to strike back over state subsidies for Airbus.

The Europeans are expected to retaliate with their own tariffs next year in a parallel case involving Boeing, further escalating a feud that began when Trump imposed tariffs on steel and aluminium imports in 2017.

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