

Apple hit with 1.8-bn-euro EU fine for music streaming restrictions

March 4 2024, by Raziye Akkoc



Spotify has been one of the most vocal critics of Apple's changes to comply with the EU's new law, the Digital Markets Act.

The EU on Monday hit Apple with a more than 1.8-billion-euro fine

(\$1.9 billion) for violating the bloc's laws by preventing European users from accessing information about alternative, cheaper music streaming services.

The iPhone maker immediately vowed to appeal the first ever antitrust fine slapped on Apple by Brussels, the culmination of a case triggered by a complaint by Swedish streaming giant Spotify.

The European Commission found that "Apple applied restrictions on app developers preventing them from informing iOS users about alternative and cheaper music subscription services" available outside the App Store.

"This is illegal under EU antitrust rules," the EU's powerful competition regulator said.

The 1.84-billion-euro penalty is the third-largest antitrust fine ever imposed by the commission.

The basic penalty for breaching EU rules was 40 million euros, but the commission's competition enforcer, Margrethe Vestager said such a fine would have been a "parking ticket" to a giant the size of Apple.

For that reason, the commission added the huge sum of 1.8 billion euros as "deterrence", she said. The total fine of 1.84 billion is equal to 0.5 percent of Apple's worldwide turnover, she said.

"We have ordered Apple to remove the necessary provisions and to refrain from similar practices in the future," Vestager added.

Spotify's complaint in 2019 triggered a broad commission investigation into the iPhone maker in 2021, narrowed last year to focus on Apple's actions to prevent apps from giving users information about rival music

subscription options.

Vestager told reporters that Apple's actions had "impacted millions of European consumers".

"Some consumers may have paid more because they were unaware that they could pay less if they subscribed outside of the app," she said.

Sour Apple

Apple slammed the commission's decision and said it would appeal.

"The decision was reached despite the commission's failure to uncover any credible evidence of consumer harm, and ignores the realities of a market that is thriving, competitive, and growing fast," Apple said in a statement.

"While we respect the European Commission, the facts simply don't support this decision," the company added.

Spotify welcomed the fine, saying it "sends a powerful message—no company, not even a monopoly like Apple, can wield power abusively to control how other companies interact with their customers."

Spotify CEO Daniel Ek said he was "skeptical" about how Apple would respond, suggesting that the tech giant was "just going to ignore" the fine.

Despite the scale of the penalty, critics pointed out that it pales in comparison to Apple's profits—which stood at \$33.92 billion for the last three months of 2023.

"For Apple, this fine is still petty cash," said German EU lawmaker,

Markus Ferber.

By way of comparison, Brussels has hit Google with penalties of around eight billion euros in the past few years—although the US-based firm is challenging the fines in EU courts.

Nonetheless, the EU expects the fine will ensure that Apple stops limiting access to rival streaming services—all the more since it will also be obliged to do so under a new law known as the Digital Markets Act (DMA) that it must adhere to by March 7.

The BEUC umbrella consumer rights group said the fine "in combination with effective enforcement of the Digital Markets Act—should help consumers benefit from more competitive and better digital services."

Google owner Alphabet, Amazon, TikTok parent ByteDance, Meta and Microsoft must also comply with the DMA, which gives Brussels power to fine them up to 10 percent of global revenue for violations, and 20 percent for repeat offenders.

Bitter battles

Apple rejects Spotify's claims against it, and points to the streaming giant's own dominance in the online music market.

Spotify has more than 600 million monthly users, a third of them paying subscribers, according to recent company figures.

It is not the first time Apple and Spotify have knocked heads.

Spotify has been one of the most vocal critics of Apple changes to its App Store to comply with the EU's DMA law, accusing it of acting in

bad faith with changes that create prohibitive new costs for rivals.

On Friday, 34 digital organizations including Spotify and video games maker Epic Games wrote to the commission to complain.

They said Apple's new terms, "if left unchanged, make a mockery of the DMA".

Vestager vowed to "carefully look into the details to assess the changes and to take into account also the market feedback".

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