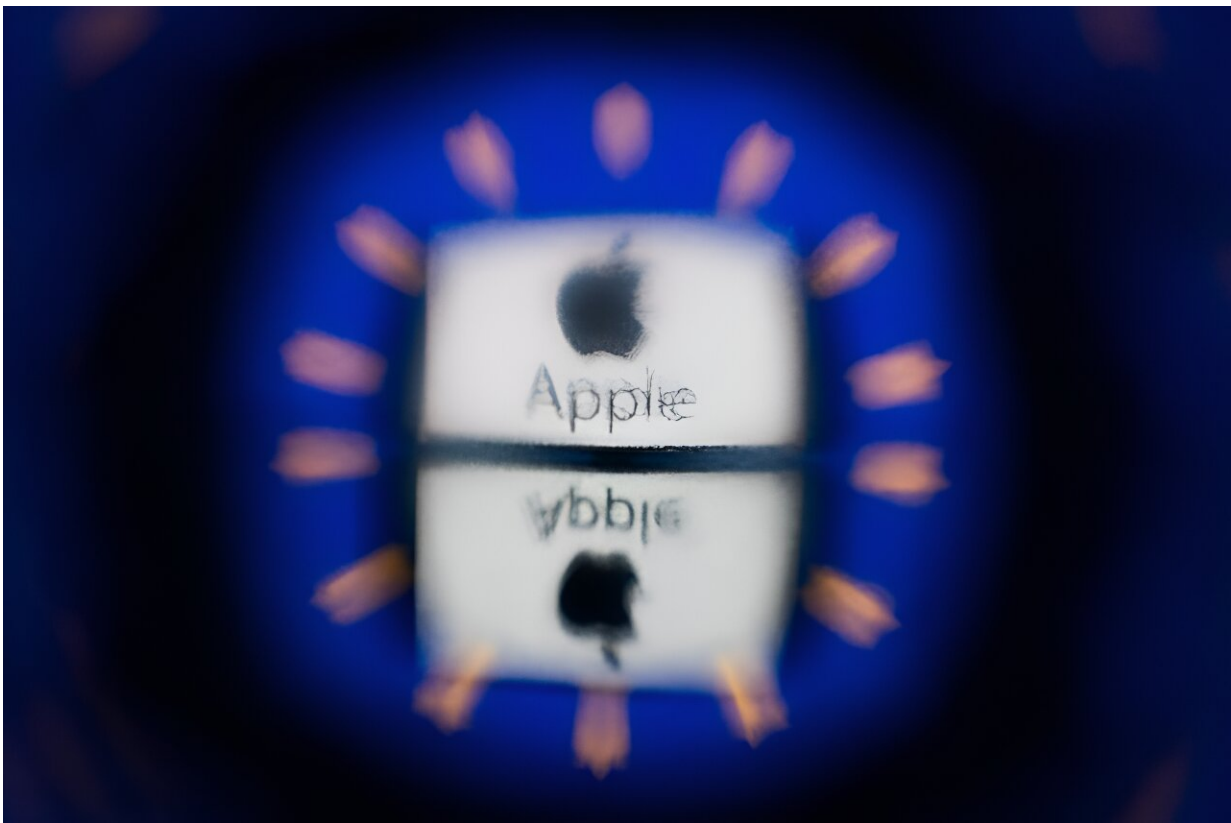


EU accuses Apple of breaking bloc's digital rules

June 24 2024, by Raziye Akkoc



Apple and the EU are at loggerheads over the landmark Digital Markets Act, which the iPhone maker has criticised.

Apple risks billions of euros in fines after the European Union on Monday accused the iPhone maker of violating the bloc's landmark

digital rules by hindering competition on its App Store.

The European Commission informed Apple in a "preliminary view" that the "App Store rules... prevent app developers from freely steering consumers to alternative channels for offers and content".

The finding opens a new front in the increasingly bitter fight between the US tech giant and Brussels over the EU's new Digital Markets Act (DMA), and may force changes to the way the App Store operates in the bloc.

On Friday, Apple said it would delay rolling out recently announced AI features in Europe because of "regulatory uncertainties" linked to the DMA.

The sweeping law seeks to rein in the world's biggest tech firms, including Apple, by forcing them to open up to competition in the 27-country EU.

But for Apple, the new rules are a significant challenge to its walled garden and it has openly accused the DMA of creating greater privacy and security risks for users.

This is the first time the commission has leveled a formal accusation against a tech firm under the new rules, after opening the first DMA probes into Apple, Google and Meta in March.

Apple said Monday that it has made "a number of changes" to comply with the rules in response to feedback from developers and the EU regulator over the past months, and would "continue to listen and engage with the European Commission."

Apple can now access the commission's investigation file and reply to

the findings. If Apple falls in line with EU rules, it can avoid a fine and Brussels believes it will give European users easier access to cheaper offers.

If the commission's view is confirmed, it would adopt a "non-compliance decision" by late March 2025—opening the way to fines.

Under the new law, the commission has the power to impose fines of up to 10 percent of a company's total global turnover. This can rise to up to 20 percent for repeat offenders.

Apple also faces daily penalties of up to five percent of its average daily worldwide turnover if found to be non-compliant.

Apple's total revenue in the year to September 2023 stood at \$383 billion (358 billion euros).

The EU also has the right to break up companies, but only as a last resort.

'Ending a saga'

The App Store has been at the center of a long-running dispute with the EU, even before the DMA entered into force this year.

The commission in March hit Apple with a 1.8-billion-euro fine after reaching similar conclusions in a probe launched in 2020 following a complaint from Swedish music streaming giant Spotify.

Apple is appealing the fine.

"Without prejudice to Apple's right of defense, we are determined to use the clear and effective DMA toolbox to swiftly bring to an end a saga

which has already lasted for way too many years," said the EU's top tech enforcer, Thierry Breton.

The firm is also under investigation over whether it allows users to easily uninstall apps on its iOS operating system, and the design of the web browser choice screen.

The DMA forces the biggest digital companies to offer choice screens for web browsers and search engines to give users more options.

The EU's competition commissioner, Margrethe Vestager, defended the law during an event in Amsterdam on Monday. "The DMA is not excessive in its ask."

She also admitted she found it "surprising" that the big companies did not "take compliance as a badge of honor".

Targeting Apple's new core

On Monday, the commission also opened a parallel investigation into Apple over changes already made to comply with the DMA by allowing third-party app stores.

Brussels said it will look at whether the core technology fee—a new fee structure for third-party store developers—complies with the law.

It will also investigate the steps a user has to take to download an alternative app store and whether this is in line with the DMA.

The commission separately announced it had closed an antitrust case opened in 2020 against Apple and its App Store terms, since there is now a probe under the DMA.

Apple is not the only tech titan in the EU's sights.

Google parent Alphabet, Amazon, Meta, Microsoft and TikTok owner ByteDance must also comply with the DMA. Online travel giant Booking.com will need to later this year.

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