

Apple makes changes to App Store after EU warning

August 8 2024



Apple was the first ever tech firm to face formal accusations under the EU's new law known as the Digital Markets Act.

Apple on Thursday announced changes to its App Store after the European Union accused the iPhone maker of breaking the bloc's

landmark new digital rules.

The EU said the App Store terms prevented app developers from freely steering consumers to alternative ways to pay, making Apple the first ever tech firm to face accusations of breaching a new law known as the Digital Markets Act (DMA).

Now Apple says there will be changes to comply with the DMA and address the findings of the European Commission, the EU's powerful antitrust regulator.

Brussels at the time said developers could only steer customers through a link in their app that redirected the user to a web page to conclude any contracts.

Regulators said Apple placed "several restrictions" meaning app developers could not communicate, promote offers and conclude contracts through the channel of their choice.

From the autumn, Apple said developers in the EU "can communicate and promote offers for purchases" wherever they want, for example, via an alternative app marketplace.

But in Thursday's announcement, Apple said the changes mean developers will have a new fee structure for customers linking out of an app for offers and content.

For instance, developers will have to pay a five-percent fee on sales of digital goods and services made on any platforms within a year of a user first installing an app with the ability to link out to a different channel such as a website.

Risk of fines

If the tech titans modify their platforms in accordance with EU rules, they can avoid large penalties. The DMA demands the EU wrap up any probe within a year of its start.

The commission told AFP it "will assess Apple's eventual changes to the compliance measures, also taking into account any feedback from the market, notably developers".

The charges against Apple came after the commission launched investigations in March into Apple, Facebook owner Meta and Google under the DMA.

Meta also faced formal accusations of violating the DMA in July.

The DMA gives big tech a list of what they can and can't do in business in a bid to increase competition in the digital sphere. For example, they must offer choice screens for web browsers and search engines to give users more options.

The law gives the EU 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.

The Coalition for App Fairness, whose members include Swedish streaming giant Spotify and which has long called for Apple to open up its marketplace, dismissed the latest Apple announcement.

"With the introduction of yet another confusing, arbitrary, and expensive fee structure, Apple continues to evade compliance and make the digital landscape in Europe more complicated for developers and more costly for consumers," it said.

Battles with Apple

Apple is not the only company targeted by the DMA. 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, while the commission is also evaluating whether tech billionaire Elon Musk's X should also face the rules.

Apple's App Store has been a source of contention with the EU, even before the DMA entered into force in March this year.

The EU slapped Apple with a 1.8-billion-euro (\$2.0-billion) fine after similar findings in a probe launched in 2020 following a complaint from Spotify.

Apple has appealed against the fine.

The EU is also investigating Apple over changes previously made to comply with the DMA by allowing third-party app stores.

© 2024 AFP

Citation: Apple makes changes to App Store after EU warning (2024, August 8) retrieved 8 August 2024 from <https://techxplore.com/news/2024-08-apple-app-eu.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private

study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.