

Apple bends, aiming to avoid Big Tech regulation

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Apple is bending strategically to growing anti-monopoly pressure, analysts say.

Apple has unveiled major changes to its app store after years of criticism, as the Silicon Valley colossus tries to stave off a deeper, swelling effort to regulate Big Tech, experts said Thursday.

In a matter of days the company has announced long-demanded concessions after seeing investigations, lawsuits and rules pile up against what critics call an abuse of global dominance by Apple and other big firms.

"Looks like a preemptive move—getting out in front of possible DOJ (US government) action", tweeted CNBC contributor Lawrence McDonald, after news Wednesday that certain companies would be allowed to bypass some App Store control and charges.

Experts see the changes from Apple as proof that Big Tech companies have succumbed to pressure and decided to give an inch to try to avoid a collision with government rules that they would not control.

Apple's concessions were rare and "extraordinary", but calculated, Joshua Davis, a University of San Francisco law professor, told AFP.

"Apple's strategy, at this point seems to be to try to find a compromise where it can maintain most of its practices—and the profits it makes from those practices—and give away as little as it can," said Davis.

The concessions made in recent days deal specifically with the App Store rules that centralize control with Apple but also profits.

Until now, those restrictions have allowed Apple to take a cut of up to 30 percent for purchases of apps and payments made inside apps downloaded via the App Store, which Google also does through its Play Store.

The tech giants, whose [operating systems](#) run on 99 percent of the world's smartphones, have argued this is fair compensation for providing the platforms that allow apps to be downloaded in the first place.

But developers are furious over the lost profits, and Apple is fighting a high-stakes legal battle with video game company Epic on just that question.

So far Apple agreed at the end of August to loosen payment restrictions on its App Store. The decision came after a class-action lawsuit from small developers that accused it of running a monopoly.

'Arbitrary, self-serving steps'

Then came the announcement late Wednesday that Apple would allow media apps to steer customers directly to their websites, in a deal brokered with Japanese regulators but which will take effect globally next year.

The modification will spare apps that provide

newspapers, books, music or video from having to use the App Store payment system and thus avoid paying a 30 percent commission.

As it stands, the changes are no threat to Apple's economic model, which generated, on its App Store alone, \$72 billion in revenue in 2020, according to Sensor Tower, a data and insight company.

Apple lauded the policy change as helping "make it easier for users... while protecting their privacy and maintaining their trust."

Many of the people directly impacted by Apple's change of heart, weren't impressed.

"Our goal is to restore competition once and for all, not one arbitrary, self-serving step at a time," tweeted Daniel Ek, founder and CEO of Spotify music streaming service.

"We will continue to push for a real solution," he added.

A change of the magnitude that Ek describes, may not come willingly from Silicon Valley's giants.

There has been some movement in Washington, with lawmakers debating legislation aimed at curbing the staggering power of Big Tech, but no new rules yet.

However, South Korea passed a law this week banning Apple and Google from forcing app developers to use the companies' payment systems, effectively declaring their lucrative App Store and Play Store monopolies illegal.

Apple and Google "are facing pressure from around the world, to open up their systems," Mark MacCarthy, a tech industry expert at the Brookings Institution think tank, told AFP.

"We'll see how the system responds to that and how... effectively they can continue to operate in the face of these challenges," he added.

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