EU says Apple’s App Store breaches bloc’s digital rules

AFP

Apple risks billions of euros in fines after the European Union on Monday found the iPhone maker’s App Store to be violating the bloc’s landmark digital competition rules.

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”.

It 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).

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 levelled 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 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'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' —

DMA rules mean Apple must allow developers distributing apps via the App Store to be able to inform users, free of charge, of "alternative cheaper purchasing possibilities, steer them to those offers and allow them to make purchases", the commission said.

This was not the case, according to the findings of the commission, the EU's powerful competition regulator.

The App Store has been at the centre 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 ($1.9 billion) fine after reaching similar conclusions in a probe launched in 2020 following a complaint from Swedish music streaming giant Spotify.

Apple has rejected the findings and it appealed the fine in

the EU courts last month.

“Without prejudice to Apple’s right of defence, 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.

– 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, since it must now allow third-party app stores.

Brussels said it will look at whether the core technology fee – a new fee structure for developers of third-party app stores – 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.

Apple had been “squeezing out innovative companies and denying consumers new opportunities and choices for too long”, Breton said.

But 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.