

EU fines Apple €1.8bn over App Store restrictions on music streaming

 [theguardian.com/business/2024/mar/04/eu-fines-apple-18bn-over-app-store-restrictions-on-music-streaming](https://www.theguardian.com/business/2024/mar/04/eu-fines-apple-18bn-over-app-store-restrictions-on-music-streaming)

Penalty for breaching competition law is four times higher than forecast as Brussels looks to send message to dominant tech firms

Apple has been fined €1.8bn (£1.5bn) by the EU after an investigation found it had limited competition from music streaming services such as Spotify.

The fine is nearly four times higher than expected in a move by the European Commission to show it will act decisively on tech companies who abuse their dominant position in the market for phones and online services.

The European competition commissioner, Margrethe Vestager, said a smaller fine would have been nothing more than the equivalent of “a parking fine” and was designed to act as “a deterrent” to such practices for Apple and others.

“I think it is important to see that if you are a company who is dominant and you do something illegal, it will be punished. We want to show our resolve that we will go into these cases.”

As a result of the anti-competitive practices, the public ended up paying more than they should have for music streaming, she said.

“Apple’s rules ended up harming consumers. Critical information was withheld so that consumers could not effectively use or make informed choices. Some consumers may have paid more because they weren’t aware that they can pay less if they subscribed outside of the app.”

The tech company disadvantaged users contractually by restricting app developers from openly promoting cheaper services, the commission found.

“Music streaming developers were not allowed to inform the users inside their own apps of cheaper prices for the same subscription on the internet,” in an “anti-steering” practice, she said.

“They were also not allowed to change links in their apps to the consumers to their websites and pay lower prices there,” she told a press conference in Brussels.

In a statement the European Commission said its “investigation found that Apple bans music streaming app developers from fully informing iOS users about alternative and cheaper music subscription services available outside of the app and from providing any instructions about how to subscribe to such offers. In particular, the anti-steering provisions ban app developers”.

Vestager said: “For decades, Apple has restricted music streaming app developers from informing their consumers about cheaper options available outside of the app, and has done so contractually.”

The investigation, launched after a complaint from Spotify, focused on a restriction that prevented developers from telling iPhone and iPad users about other ways of subscribing to their music streaming services, which bypass Apple.

Spotify has argued that the restrictions benefit Apple's rival music streaming service, Apple Music.

Spotify and other app providers have been longstanding critics of Apple's App Store, which they argue stifles competition by, for instance, charging a 30% fee on apps and in-app purchases.

However, Apple has announced plans to allow EU customers to download apps on to iPhones outside the App Store, in response to the introduction of the trading bloc's digital markets act (DMA), which has been brought in to regulate major tech firms such as Apple, Microsoft and Mark Zuckerberg's Meta.

Responding to the fine, Apple said: "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.

"The primary advocate for this decision – and the biggest beneficiary – is Spotify, a company based in Stockholm, Sweden. Spotify has the largest music streaming app in the world, and has met with the European Commission more than 65 times during this investigation.

"Today, Spotify has a 56% share of Europe's music streaming market – more than double their closest competitor's – and pays Apple nothing for the services that have helped make them one of the most recognisable brands in the world. A large part of their success is due to the App Store, along with all the tools and technology that Spotify uses to build, update, and share their app with Apple users around the world.