



EU Slaps \$5 bn Fine on Google over Android

The European Commission has fined Google with a record €4.34 billion (\$5 billion) for breaching EU antitrust rules by using its Android mobile operating system to squeeze out rivals.

Key Highlights //

- The commission has accused Google of cementing its dominance over internet search engines by using its Android mobile operating system. And hence these practices have denied their competitors a chance to innovate and compete on the merits.
- By breaching antitrust rules, they have denied European consumers the benefits of effective competition in the important mobile sphere.
- The penalty is almost double the previous record of €2.4 billion which was fined up on Google over its online shopping search services.
- Google has also been ordered to halt anti-competitive practices (such as promoting Google services to users) in contractual deals with smartphone makers and telecoms providers within 90 days or face additional penalties of up to 5%.

How has Google Responded?

- It has decided to appeal against the fine as the tech company claims its operating system is a vibrant ecosystem that promotes rapid innovation and lower prices which in turn enhances competition.

How Effective are the Fines?

- With its strong market power, regulatory action against tech giants like Google and Facebook may prove to be ineffective. For instance, the penalty represents just over two weeks of revenue for Google and would scarcely dent its cash reserves of \$102.9 billion.
- Such rulings may prove harmful for app developers and customers by undercutting Google's Android software (the software is considered more accessible and affordable for app developers) and revenue.
- Also, the fine could add to the already escalated trade war between EU and the United States.

NOTE: The European Commission's commissioner for competition and antitrust is Margrethe Vestager. The competition commission is responsible for:

- Mobilizing competition policy tools and market expertise to contribute to creating jobs and promoting growth.
- Developing the economic and legal approach of assessing competition issues and monitoring the market.
- Effectively enforcing competition rules in the areas of antitrust, cartels, mergers and state aid.
- Promoting international cooperation in competition issues.

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