

EU, Google reach deal on competition remedies

February 5 2014, by Bryan Mcmanus



The European Commission accepted the latest proposals by US giant Google to remedy complaints it abuses its dominant position in the Internet search market, opening the way to a settlement

The EU and Google agreed Wednesday on how to settle complaints the US Internet giant is squeezing competitors in Europe's search market, avoiding legal action and billions in fines.

"I believe that the new proposal obtained from Google after long and

difficult talks can now address the Commission's concerns," EU Competition Commissioner Joaquin Almunia said.

The Commission, which has been investigating Google since 2010, said the company "has now accepted to guarantee" that when it displays its own specialised search services, it will also display those of three rivals in the same way to users.

This is meant to resolve one of the key complaints by competitors, including US rival Microsoft, that Google displayed its own services more prominently, putting them at a serious disadvantage.

Google's remedy "provides users with real choice between competing services presented in a comparable way; it is then up to them to choose the best alternative," Almunia said.

"We will be making significant changes to the way Google operates in Europe," company spokesman Kent Walker said.

"We have been working with the European Commission to address issues they raised and look forward to resolving this matter," Walker added.

Rival companies will be invited to comment on the proposal before the Commission takes a decision on whether to make it legally binding on Google.

Almunia said he did not expect this to change his position.

"I do not see why I would change my mind ... I think we have solved the case," having gone through the dossier exhaustively, he told a press conference.



EU flag is seen in front of the EU Commission headquarters in Brussels on March 14, 2013

"The alternative of adversarial proceedings would take many years, with many uncertainties ... It would also not necessarily deliver a better outcome for consumers."

Initial competitor reaction negative

Industry group ICOMP said Google's commitments should be reviewed by an outside third party so as to establish their real effectiveness.

"Without a third party review, Almunia risks having the wool pulled over his eyes by Google," said David Wood, ICOMP's legal counsel.

Market tests of Google's two previous offers "demonstrated their fatal flaws and the Commission rightly rejected them.

"Why has Almunia chosen to ignore the expert advice of the market on this occasion?" Wood said in a statement.

Another industry group, FairSearch, made similar points, saying acceptance of Google's proposal "is worse than doing nothing."

But the Commission also said Google had made "significant concessions" to meet its other competition concerns.

Among them, content providers such as TripAdvisor or price comparison sites such as Twenga and Foundem could refuse, without being penalised, to allow the use of their content in Google's specialised search services.



EU commissioner for competition Joachim Almunia gives a press conference on February 5, 2014 at the EU Headquarters in Brussels

It will also remove exclusivity requirements in its agreements with publishers for the provision of search advertisements, and it will remove restrictions on the ability for search advertising campaigns to be run on competing platforms.

The Commission will name an independent trustee to ensure Google sticks to its commitments in the five-year accord, which is designed to allow for technological change and innovation, Almunia said.

The EU and Google exchanged a series of proposals last year in the case but each time they were found wanting.

Almunia warned Google in December that its proposals were "not acceptable" and that the time would soon come to think of penalties against the company if it did not improve them.

If found at fault in an EU anti-trust probe, a company risks a fine equal to up to 10 percent of annual sales, worth nearly \$60 billion last year for Google.

Google accounts for about 70 percent of the search engine traffic in the United States and 90 percent in Europe.

In January 2013, US authorities absolved Google of anti-competition practices in a similar case.

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