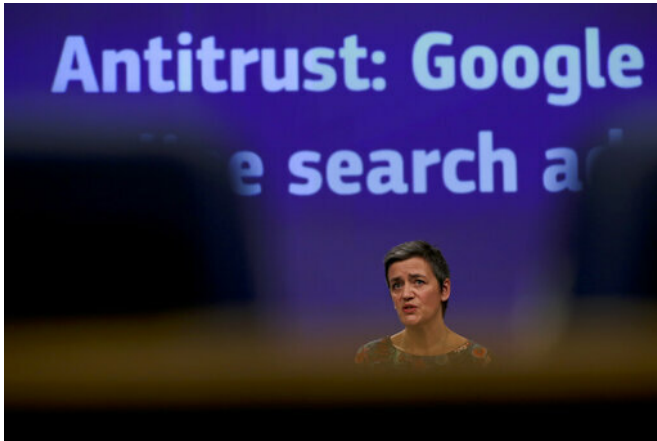


# Europe fines Google \$1.7 billion in antitrust case (Update)

20 March 2019, by Kelvin Chan And Raf Casert



European Competition Commissioner Margrethe Vestager speaks during a media conference at EU headquarters in Brussels, Wednesday, March 20, 2019. European Union regulators have hit Google with a 1.49 billion euro (\$1.68 billion) fine for abusing its dominant role in online advertising. (AP Photo/Francisco Seco)

Europe's antitrust regulators slapped Google with a big fine Wednesday for the third time in less than two years, ordering the tech giant to pay 1.49 billion euros (\$1.7 billion) for freezing out rivals in the online advertising business.

The ruling brings to nearly \$10 billion the fines imposed against Google by the European Union. And it comes at a time when big tech companies around the world are facing increasing regulatory pressure and fierce political attacks over privacy violations, online misinformation, hate speech and other abuses.

Still, the latest penalty isn't likely to have much effect on Google's business. It involves practices the company says it already ended, and the sum is just a fraction of the \$31 billion in profit that its parent, Alphabet, made last year.

Alphabet stock rose 2 percent on Wall Street on Wednesday.

The EU ruling applies to a narrow portion of Google's ad business: when Google sells ads next to Google search results on third-party websites.

Investigators found that Google inserted exclusivity clauses in its contracts that barred these websites from running similarly placed ads sold by Google's rivals.

As a result, advertisers and website owners "had less choice and likely faced higher prices that would be passed on to consumers," said the EU's competition commissioner, Margrethe Vestager.



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Anyone who suffered from Google's behavior can seek compensation through national courts, she said.

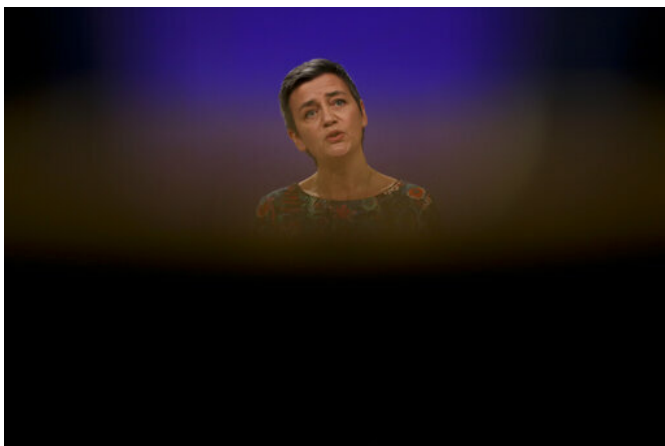
EU regulators opened their investigation in 2016—seven years after Microsoft filed a complaint—though by that time, Google had already made some changes to give customers more freedom to show competing ads. For that reason, regulators did not require a specific remedy to restore competition.

But Vestager said it appeared rivals haven't been able to catch up, and some are "quite small." By contrast, the EU said, Google has more than 70 percent of the European market for selling ads that run alongside search results on third-party websites.

Google did not say whether it would appeal.

"We've already made a wide range of changes to our products to address the commission's concerns," Google's senior vice president of global affairs, Kent Walker, said in a statement. "Over the next few months, we'll be making further updates to give more visibility to rivals in Europe."

E-marketing analyst Bill Fisher noted a "growing wave of sentiment" toward curbing the influence of Big Tech and said that even if the EU's rulings apply only to Google's European operations, Google should "begin to open up, become more transparent and possibly look to alter some of its business practices" worldwide.



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Earlier this month, a British expert panel recommended the government curb the dominance of giants like Facebook, Amazon and Google. In the U.S., Democratic presidential candidate Elizabeth Warren has proposed breaking up the biggest American tech companies, accusing them of wielding too much power.

This week, as part of a settlement with the American Civil Liberties Union and other activists, Facebook agreed to overhaul its ad-targeting systems to prevent discrimination in housing, credit and employment ads.

The EU has led the way in promoting tougher regulation of big tech companies. Besides cracking down on antitrust breaches by Microsoft and Intel, it has enforced stricter data privacy rules that affect Facebook and other social media companies.

U.S. regulators haven't been as tough, though the Federal Trade Commission recently created a task force focused on anti-competitive behavior in the industry.

Last year, Vestager fined Google a record 4.34 billion euros (\$5 billion at the time) for forcing cellphone makers using the company's Android operating system to install Google search and browser apps.

In 2017, she penalized Google 2.42 billion euros (\$2.7 billion) for manipulating online shopping search results and directing visitors to its comparison-shopping service, Google Shopping, at the expense of its rivals.



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Google, which is appealing those two earlier fines, has said it has since made adjustments to its shopping results and will start asking European users of Android phones if they want to use other search or browser apps.

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