

Multi-billion fine for Google intensifies transatlantic tensions

By Ulrich Rippert
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Just days before the G20 summit in Hamburg, the European Union (EU) Commission imposed a record fine on US internet giant Google, thereby significantly intensifying tensions with the United States.

The firm has been ordered to pay €2.42 billion because it has consistently breached EU competition rules. The EU penalty is more than twice as high as the previous record fine for matters related to competition law.

In 13 countries in the European economic area, Google used its dominant position in the search engine market to favour its own price comparison service, the EU Commission stated. Google's price comparisons were placed at the top of the search results, resulting in the price comparison services of its competitors being demoted, the Commission added.

Investigations against Google have been ongoing for several years. The EU Commission has opened three probes since 2010, and in all of them Google faces heavy fines. EU Commissioner Margrethe Vestager has now announced the outcome of the first of these, imposing the harshest fine by far.

The EU Commission charged that Google had obtained an "unlawful advantage" by using its dominant position in the search engine market to direct customers to its own price comparison service, Google Shopping. In the Google search results, Google Shopping's results were shown at or near the top, even if they did not offer the greatest selection or lowest prices. The best placed competitors were on average shown only on the fourth search page, the Commission alleged.

However, approximately 95 percent of user clicks were made on ads on the first page. This was even more pronounced when mobile devices were used because the displays are smaller, the *Süddeutsche*

Zeitung noted in a background report. Google made use of this procedure in 13 European countries, including Germany, France, Britain, Spain and Italy, thereby violating EU law.

The US firm had denied other companies the opportunity to win customers in the competition process, Vestager said. "But above all it has prevented European consumers from having a genuine choice between different services and taking full advantage of the benefits of innovation."

The EU Commission is demanding that Google pay the fine within 90 days. Otherwise, it will be threatened with fines of up to 5 percent of the global turnover of its parent company, Alphabet.

In an initial reaction, Google said it took a different view in the case and was considering an appeal. "When shopping online, you want to find the products you are looking for quickly and easily," it added. If Google files an appeal against the Commission's decision, which is expected, the case could drag on for several years.

Another EU Commission investigation is dealing with Google's use of the smartphone operating system Android. The Commission is charging that producers of Android devices with the firm's integrated systems had to pre-install Google Search and the browser Google Chrome.

The fine for Google is the latest in a chain of escalating economic and trade conflicts. At the same time, geopolitical tensions between the Transatlantic powers are deepening.

While the Trump administration is threatening Europe, and Germany in particular, with punitive measures because of its high trade surplus, the EU is turning against the market dominance of US corporations. The EU Commission imposed a €110

million fine on Facebook in May because it provided false information about data protection when it took over the messenger service WhatsApp.

A day prior to the announcement of the EU fine, US Trade Secretary Wilbur Ross surprisingly cancelled a long-planned meeting with German Economics Minister Brigitte Zypries (SPD). Growing tensions over steel imports played a role in this. The US has threatened to impose fines against European and German producers.

The US raised accusations of dumping in March. Ross still plans this month to present a report on whether steel imports from the EU could be classified as a national security threat. If the conclusion is that they pose such a threat, Trump could impose high tariffs.

The German government sharply rejected the claims. A spokeswoman for the Economy Ministry in Berlin stated Wednesday, "US tariffs would of course pose major problems for our steel companies." They could therefore not remain without consequences, she added.

In a letter to Ross, Zypries objected to the US plans two weeks ago. She stated that there were "no indications that European or German steel imports could threaten or restrict US national security." The problem of "overcapacity in the steel sector" was not caused by Germany or the EU, but more by China, and affects "European and American corporations to the same extent," she wrote.

The *Financial Times* reported that high-ranking military personnel from Germany and the Netherlands, in "a highly unusual step," had spoken to US Defence Secretary James Mattis to secure his support in influencing President Trump. Mattis is seen as being comparatively willing to cooperate. At the same time, EU trade commissioner Cecilia Malmström has threatened the US with countermeasures should the US impose punitive tariffs. "Of course we will practice retaliation," she told the *Financial Times*.

The transatlantic conflict has assumed an increasingly explosive form since the coming to power of Trump. At the beginning of March, economics professor and former finance minister of the German state of Saxony Anhalt, Karl-Heinz Paqué, referred in a guest comment for the *Süddeutsche Zeitung* to the "enormous destructive potential" of the Trumpian "America first" policy. Europe had to be ready "to wage a trade war on

Trump's America if necessary."

These developments threaten to culminate in a catastrophe, since trade wars are merely the prelude to war. But Washington, Berlin and Brussels are proceeding equally aggressively. German Chancellor Angela Merkel proclaimed just a few weeks ago in a government statement that Europe had to "firmly defend its interests, whenever and wherever it is necessary."

Because the character of transatlantic relations is changing, Europe had "decided to assume more responsibility in the future as it has done in the past, in our own neighbourhood as well as beyond," Merkel continued. Germany was "dependent not only on having access to the single market, but also to global markets."

To enforce its economic and geostrategic interests against the United States, by military means if required, and to maintain control of the mounting conflicts within the EU, Berlin is striving to establish a core Europe under German leadership. In response to the sharpening transatlantic tensions, Germany and Europe have launched a major military buildup.

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