



Antitrust: Commission sends Statement of Objections to Google on Android operating system and applications – Factsheet

Brussels, 20 April 2016

The European Commission has informed Google of its preliminary view that the company has, in breach of EU antitrust rules, abused its dominant position by imposing restrictions on Android device manufacturers and mobile network operators.

The Commission's preliminary view is outlined in a Statement of Objections addressed to Google. It is also addressed to Alphabet, as it is standard practice for objections to also be addressed to the relevant parent company.

This Factsheet summarises key elements of the Commission's preliminary view set out in the Statement of Objections.

Sending a Statement of Objections does not prejudge the outcome of the investigation. Please also see [press release](#).

Google's alleged market dominance

The Commission considers that Google is dominant in the markets for **general internet search services, licensable smart mobile operating systems and app stores for the Android mobile operating system**.

The Commission has considered a number of factors, including the following:

General internet search services

Google has market shares of 90% and above in most Member States.

Licensable smart mobile operating systems^[1]

- Google's market shares in the EEA for licensable mobile operating systems exceed 90%. Android is used on virtually all smartphones and tablets in the lower price range, which are bought by the majority of customers.
- There are a number of barriers to entry that protect Google's position, including so-called network effects (that is, the more consumers adopt an operating system, the more developers write apps for that system).
- Finally, Android users who wish to switch to other operating systems would face significant switching costs, such as losing their apps, data and contacts.

App stores for the Android mobile operating system

- The Play Store accounts for more than 90% of apps downloaded on Android devices in the EEA.
- Manufacturers find it commercially important to pre-install the Play Store on their devices. It is pre-installed on the large majority of Android devices in the EEA and is not available for download by end users. Also, end users cannot download other app stores from the Play Store.
- Android users would generally not switch to app stores for other operating systems as they would have to purchase a new device and would face significant switching costs.

^[1]Android is a licensable operating system meaning that third party handset manufacturers can use it for their devices; as opposed to operating systems exclusively used by vertically integrated developers

The Commission's concerns

Licensing of Google's proprietary apps

The Commission's investigation showed that Google obliges manufacturers, who wish to pre-install Google's app store for Android, Play Store, on their devices, to also pre-install Google Search, and set it as the default search provider on those devices. In addition, manufacturers who wish to pre-install Google's Play Store or Search, also have to pre-install Google's Chrome browser. Thereby, Google has ensured that **Google Search and Google Chrome are pre-installed on the significant majority of devices sold in the EEA.**

Smartphone and tablet manufacturers should of course be able to provide consumers with an 'out-of-box' experience by selling their devices with a bundle of apps pre-installed. The Commission seeks to ensure that **manufacturers are free to choose which apps they pre-install on their devices.** This is especially important since the Commission's analysis has shown that consumers rarely download applications that would provide the same functionality as an app that is already pre-installed (unless the pre-installed app is of particularly poor quality).

In this context, the Commission's preliminary conclusion is that by imposing the above-mentioned conditions on manufacturers, Google limits manufacturers' freedom to choose the most appropriate apps to pre-install. This strategy appears to protect and strengthen Google's dominant position in general internet search, and adversely affect competition in the market for mobile browsers. The Commission has evidence that smartphone manufacturers would wish to source at least some of the apps that they pre-install from other parties than Google.

Anti-fragmentation

Android is an open-source system, meaning that it can be freely used and developed by anyone to create a modified mobile operating system (a so-called "Android fork"). The open-source model of course does not raise competition concerns – on the contrary. The Commission's concerns relate to the conditions for use of Google's proprietary apps and services on Android devices, which are not open source.

In particular, if a manufacturer wishes to pre-install Google proprietary apps, including Google Play Store and Google Search, on any of its devices, Google requires it to enter into an "Anti-Fragmentation Agreement" that **commits it not to sell devices running on Android forks.**

EU antitrust rules allow dominant companies to put in place restrictions only when they are objectively justified. However, to date, Google has not been able to show this in relation to the restrictions in the "Anti-Fragmentation Agreements".

Google's conduct has had a direct impact on consumers, as it has denied them access to innovative smart mobile devices based on alternative, potentially superior, versions of the Android operating system. The Commission has found evidence that Google's conduct prevented manufacturers from selling smart mobile devices based on a competing Android fork which had the potential of becoming a credible alternative to the Google Android operating system. In doing so, **Google has also closed off an important way for its competitors to introduce apps and services, in particular general search services,** which could be pre-installed on Android forks.

Exclusivity

Google has granted significant financial incentives to some of the largest smartphone and tablet manufacturers as well as mobile network operators on condition that they **exclusively pre-install Google Search** on their devices.

The Commission takes issue not with financial incentives in general but with the **conditions** associated with Google's financial incentives, in particular with the condition that the financial incentive is not paid if any other search provider than Google Search is pre-installed on smart mobile devices.

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