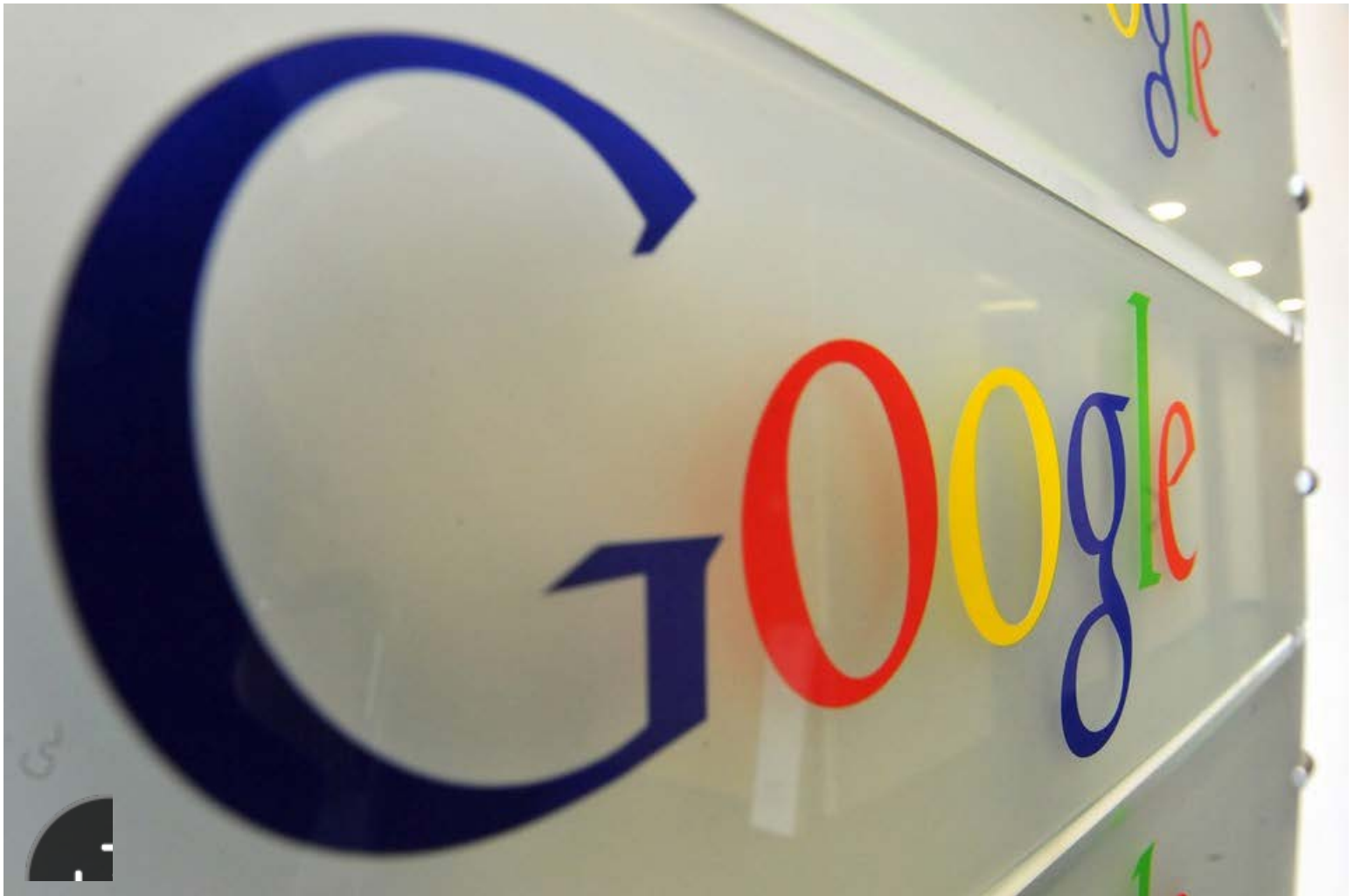




TECHNOLOGY

# Europe Targets U.S. Web Firms

French, German Officials Call for Greater Power to Regulate Internet Companies



Officials are calling for the European Commission to collect public comments on the competitive and tax behaviors of

Google and other big U.S. Internet in a prelude to what could be new regulation. *AGENCE FRANCE-PRESSE/GETTY IMAGES*

By **SAM SCHECHNER**

 **36 COMMENTS**

Updated Nov. 27, 2014 6:39 p.m. ET

Europe escalated its war against U.S. technology superpowers as the Continent's two largest economies and the European Parliament on Thursday backed fresh efforts to rein in the growing influence of companies such as [Apple Inc.](#), [Facebook Inc.](#) and [Google Inc.](#)

France and Germany asked the European Union to look into new competition rules and other regulations that better target the business practices of large technology firms. At the same time, the European Parliament overwhelmingly approved a resolution that calls for a possible breakup of Google.

The moves came a day after [Europe's privacy regulators asked Google](#) and others to extend the EU's new "right to be forgotten" to their websites outside Europe and follows a push by U.K. lawmakers to have social-media firms do more to comb their services for extremist content.

Apple, Facebook and Google declined to comment.

European authorities increasingly have chafed at the dominance of U.S. Internet firms in their markets. These Silicon Valley companies have huge revenue and global reach, but officials say they pay relatively little in corporate income taxes and slip beyond the reach of some national regulations.

"Internet companies are disrupting the hierarchy of governance," said James Waterworth, head of the European office for Computer & Communications Industry Association, a U.S.-based trade group. "National governments can't keep up with them in the same way as they have, and they are scrambling to reassert control."

# Friction in Europe

European regulators and U.S. tech firms have faced off over antitrust, privacy and tax issues.



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**December 2011:** Ireland releases an audit of Facebook's privacy practices

**February 2012:** Austrian law student sets up Europe vs. Facebook

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**November 2007:** Reviews and ultimately approves DoubleClick purchase

**November 2010:** Investigation into whether Google manipulates search results

**June 2011:** France raids Google offices in a probe of Google's tax policies

**May 2014:** Europe Court of Justice creates online right to be forgotten



**June 2014:** Regulators open investigation into Apple tax strategies

Source: staff reports

The Wall Street Journal

The battles could end up reverberating well beyond Europe's borders. The principle of the online "right to be forgotten" is being debated in the U.S. and Asia. [European efforts to crack down on the tax affairs of firms](#) including

[Amazon.com](#) Inc. and Apple are helping advance an international push to update tax treaties for the digital age.

Detractors say a wave of new regulations could discourage investment in Europe and leave the Continent behind in the race for technology dominance, despite a new crop of promising startups. Some in the U.S. decry what they describe as a new era of cyber-protectionism.

“There are a number of issues from privacy to surveillance that are relevant and should be tackled. But the discussion around these issues is being polluted by protectionism,” said Mario Mariniello, an economist who studies competition policy and regulation for Bruegel, a Brussels-based think tank.

European officials insisted their proposals aren’t protectionist and would encourage European companies to become more competitive.

Still, [the coordinated Franco-German proposal](#)—while lacking specific recommendations—adds new heft to long-simmering demands in Paris and Berlin for rules to help rein in the growing influence of a cadre of largely American tech firms.

In France, officials frequently refer to “les Gafa,” an acronym for Google, Apple, Facebook and Amazon, when discussing the power of big Internet companies.

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A French government advisory board recently proposed a new concept called “platform neutrality” that includes ideas such as imposing interoperability among web platforms to let users easily switch services.

Four German ministers echoed those calls in a letter to the European Commission, the EU’s executive arm, and supported the idea of stronger antitrust powers for the digital era.

“We need powers of sanctions,” Germany’s state secretary for the economy, Matthias Machnig, said Thursday in an appearance with Axelle Lemaire, France’s deputy minister for digital affairs. “Our existing competition law is no longer fit for [its] purpose.”

Top Google officials including Chief Executive [Larry Page](#) and Executive Chairman [Eric Schmidt](#) have responded to the European backlash by traveling to the region for meetings with officials in Paris, Berlin and other capitals.

But despite rising internal awareness of troubles in Europe, there was still shock internally last week when it emerged that the European Parliament was considering a resolution that called for the possible “unbundling” of search engines from other businesses they operate, people familiar with the company said.

The U.S. government also took the unusual step of expressing concern that the resolution would politicize a continuing antitrust investigation. Its concerns were brushed aside by legislators, who voted to approve the resolution by 384 to 174 with 56 abstentions.

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*‘We need powers of sanctions’*

—Matthias Machnig, German state secretary for the economy

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While the initiative has no binding power, it raises pressure on the EU’s new antitrust commissioner to bring formal antitrust charges against Google. After five years of investigation, the commission has failed three times to reach a settlement over complaints that the company abuses its dominance of the European online search market to promote its own businesses.

Margrethe Vestager, the bloc’s new competition czar, has said [she would take her time to assess the strength of the case](#) before taking further steps. Her review appears too slow for some European lawmakers.

Anne Sander, a French lawmaker with the center-right European People’s Party, said she hoped the resolution would “act as an electric shock,” to ensure that Europe stops being “a colony of the new digital world.”

Ms. Lemaire put the Franco-German proposal in terms of free trade and free competition in Europe. “It’s not just about being defensive,” she said. “We want European companies and industries to transform themselves and become more competitive.”

Online privacy also has been a flash point between U.S. firms and European officials, reflecting the deeply different approaches to data protection. European officials look at the protection of personal data as a fundamental right; the U.S. puts more emphasis on freedom of expression and regulates privacy mostly as a consumer-protection issue.

Those two approaches have been most dramatically opposed in Europe’s new “right to be forgotten,” established in a court decision earlier this year, that gives individuals the right to demand removal of information about themselves from web searches for their own names.

While Google had only been applying the new ruling to European domains, such as Google.fr, European privacy

regulators on Wednesday issued new guidelines saying search engines should apply the ruling across all of their websites in particular websites such as Google.com, which Google had excluded.

“EU law cannot be circumvented,” the regulators said in a statement. Google has said it would study the opinion.

—Frances Robinson and Tom Fairless in Brussels, and Ellen Emmerentze Jervell in Frankfurt contributed to this article.

Write to Sam Schechner at [sam.schechner@wsj.com](mailto:sam.schechner@wsj.com)



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