

CMA'S STRATEGIC MARKET STATUS INVESTIGATION INTO APPLE'S MOBILE ECOSYSTEM

Summary of Oral Representations made by Apple on 27 August 2025 from 3:30pm to 4:45pm

Introduction

1. The purpose of the meeting was to provide an opportunity for Apple to make oral representations to the Digital Markets Board Committee sub-committee on its Proposed Decision (**PD**) in respect of its current strategic market status (**SMS**) investigation into Apple's Mobile Ecosystem.

Overarching points

2. Apple said that its UK activities are an engine for innovation and growth in the UK. Apple noted that it has invested significant sums of money in the UK and that it supports 550,000 jobs through direct employees, suppliers and via the broader iOS app economy. Apple noted that its business model delivers significant benefits for and is highly valued by developers and end users, and Apple hopes the CMA will take account of that. Apple is not looking for any favours from the CMA and wishes to compete on the merits of its business model and products. Apple requested that evidence submitted to the CMA from Apple and third parties is considered in a fair and balanced way, and for the CMA to have a proper evidential basis for its decisions.
3. Apple said that the CMA's PD and Roadmap would put Apple at a disadvantage compared to its competitors, who are not subject to regulation. Apple considers that this regulatory imbalance is arbitrary and discriminatory, inherently disproportionate and punitive for Apple, deters business model differentiation and competition and is not consistent with the CMA's commitment to a level playing field. Apple considered that the CMA should course-correct in several ways to ensure it does not misapply the powers conferred by the DMCCA.

Apple's comments on the CMA's analytical approach to the Proposed Decision

4. Apple said that the CMA had taken a selective view of the evidence submitted by third parties without sufficiently testing their positions, and noted a concern that the forward-looking assessment did not reflect a sufficient canvassing of third-party views or a sufficiently thorough analysis of relevant developments, particularly the impact of AI.
5. Apple said that it has engaged constructively with the CMA throughout the investigation. However, in certain circumstances, the CMA had given insufficient

consideration of evidence submitted by Apple, and in relation to certain analyses that are the subject of the CMA's PD, Apple noted that the CMA had not sufficiently engaged with Apple, particularly regarding the CMA's analysis of middleware and connected functionalities, of which were not discussed with Apple prior to the PD's publication.

6. Apple said that many of the CMA's findings are based on the Accent consumer survey which has several flaws. For example, Apple outlined that the survey investigated smartphone use, but not iPad use. Thus, Apple stated, the findings of the survey cannot be generalised to apply also to the iPad.

Apple's views on the Proposed Decision

7. Apple said that the CMA's descriptions of the digital activities and grouping of the digital activities in the PD do not reflect how Apple's products are offered, include a number of factual errors, and would introduce uncertainty.
 - a. Apple said that the CMA's description of Smartphone and Tablet operating systems (individually, Smartphone OS and Tablet OS and together OSs) should not be extended in response to unsubstantiated requests from third parties. Apple particularly highlighted issues with descriptions of the following:
 - i. Middleware, noting that it does not use this term in the ordinary course of its business because it sees hardware and software as directly interacting and that incorporating this into the definition of Apple's OS creates uncertainty for Apple, because Apple cannot assign a clear meaning to it.
 - ii. Connectivity functionalities, which Apple considers are insufficiently defined and based on an extremely limited evidence base. In particular, Apple noted that the PD claims application programming interfaces (APIs) enabling connectivity functionalities fall under Apple's operating system definition, but relies solely on a third-party's view without defining what "connectivity functionalities" are.
 - iii. Siri, which Apple notes interacts with a range of features. Apple considers that the PD lacked clarity over what is covered. In particular, Apple noted that the PD introduces a confusing and unclear distinction between "voice assistants supporting functionalities" and "voice assistants functionalities," without defining either term.
 - b. Apple said that the 'Native App Distribution' digital activity should not include developer tools such as Xcode or TestFlight. Apple considered

that these developer tools are currently incorrectly included within the scope of 'Native App Distribution'. Apple outlined that the aforementioned developer tools are used across Apple's ecosystem and are used to build and test apps, not distribute them. Apple outlined that these tools benefit the iOS and iPadOS platforms as a whole, and are not a prerequisite to app distribution.

- c. Apple disagreed with the CMA's grouping of digital activities. Apple said that its digital activities should be considered separately, and not grouped in a 'mobile platform'. Apple noted that the PD groups its digital activities on the basis of fulfilling a "specific purpose," but Apple said that this grouping lacks legal and evidentiary support. It noted that the CMA appears to rely on vague, poorly-reasoned third-party feedback rather than Apple's evidence showing iPhones and iPads are used differently and often independently (e.g., (&)). Apple further noted that, by adopting an overly broad definition of "specific purpose," the CMA risks justifying grouping almost any activities together. Additionally, Apple outlined that iOS and iPadOS are different digital activities, with different purposes, use cases, and experiences. Apple outlined that, at best, the CMA's grouping analysis supports two separate groups: Smartphone platform and Tablet platform.
 - d. Apple said that no designation of Safari was warranted under the statutory criteria. But even if the CMA disagreed with its position, Apple stated that none of the interventions outlined in the roadmap require the designation of the Safari browser, noting that the principle of proportionality requires the CMA to take the least onerous route to achieving its aims. Apple explained that, even if the CMA were inclined to pursue interventions regarding browsing, the relevant digital activities for potential interventions could include iOS and iPadOS, and potentially the WebKit browser engine, not Safari.
8. Apple did not agree with the CMA's assessment of the substantial and entrenched market power criterion. Apple put forward evidence to support its view that the PD's analysis of this criterion understated the fierce competition faced by Apple across its activities, including the following:
- a. Apple said it faces competition with Android devices across price ranges. Apple outlined that a significant proportion of users switch to/from iOS do so from/to cheaper Android devices. In particular, Apple submitted that the claim that Apple and Android operate at different price points is misleading, as iPhones compete directly with Android devices across a wide range of price points, including the highest tiers (£1,700–£1,900

foldable Android devices). It further noted that, even at lower price points, competition is significant – survey data shows that over a third of users switching between Apple and Android cross the £300 threshold in both directions. Therefore, Apple mentioned that the £300 benchmark is not a valid measure of competitive dynamics, and the PD overlooks the intensity of competition Apple faces.

- b. Apple said that evidence supports that users do not face material switching barriers; users find switching easy. Apple furthermore stated that users remain with Apple products because they are satisfied. With respect to this, Apple disputes the PD's finding that observed switching rates are artificially low and show weak competition. Instead, high iPhone satisfaction (over 80% of UK buyers) explains why switching is less frequent. Apple noted that the evidence shows switching is easy – CMA surveys found most users faced no barriers, and (8%). It therefore considers that these findings indicate strong competition and satisfied customers, not market entrenchment, and Apple indicated that the CMA's final decision should reflect this.
- c. Apple said that the Information Services Agreement (ISA) with Google does not soften competition between Apple's and Google's platforms, but is fundamentally pro-competitive and beneficial for users. Apple stated it has a financial incentive to sell devices and services and (8%). Particularly, Apple rejected the PD's finding that its ISA with Google softens competition, not only between Safari and Chrome but also at the device level. Apple further argued there is no evidence for this conclusion and that the ISA is pro-competitive, giving users seamless access to the highest quality English language general search engine available on the market "out-of-the-box" and enhancing user experience. Additionally, Apple said that financial incentives also contradict the PD's view that Apple loses revenue if users switch to Android, while Google gains far more from Android data collection opportunities, OEM partnerships, and its Pixel devices. Apple said that suggesting that revenue-share agreements in general inherently weaken competition is overly broad and unsupported and indicated that the CMA ought to retract this position in its final decision.
- d. Apple said that the PD gives insufficient consideration to the fierce competition that is faced by the App Store, noting that there is a wide array of alternative channels in which users and developers transact, including alternative marketplaces, websites and web apps. Developers transact with users in very high volumes via these alternative channels. For example, Apple noted that a large majority of revenue generated by

third-party music streaming services on iOS devices in the UK are generated outside the App Store. Apple noted that these are material constraints on the App Store which should be reflected in the final decision.

9. Apple did not agree with the CMA's forward-looking assessment that developments, including AI, will not impact Apple's substantial and entrenched market power (SEMP) in relation to mobile platforms in the coming five years. Apple noted that the CMA had not conducted a sufficiently thorough analysis of relevant developments in AI, and outlined evidence showing that AI potentially will significantly impact the market in the coming five years, and that the CMA has understated the potential impact of AI on competition. Apple specifically outlined that:
 - a. Current smartphone device makers are aggressively competing with Apple by incorporating innovative AI features into their mobile ecosystems. Apple outlined that competitors have invested significant funds in AI devices to compete with the iPhone. Apple outlined that this shifts the competitive landscape and creates strong competition in the smartphone market, which will increase over the coming five years.
 - b. Many large tech firms are competing aggressively with Apple for top AI talent. The AI 'talent war' adds additional uncertainty to Apple's future ability to compete with other tech firms who are offering large salaries to AI experts.
 - c. The way users access and consume web content is changing, with agentic AI, AI chatbots, and emerging competitors. This also stands to impact Apple's business model.
10. Apple noted that even since the CMA had started its investigation, the market was experiencing massive developments, and that it would be important for the CMA to take account of these developments both in its forward-looking assessment as part of the designation process, and when it considers possible interventions.