

Germany opens antitrust probe into Amazon with tougher law

May 18 2021, by Kit Holden



Germany's Federal Cartel Office is examining whether Amazon has "an almost unchallengeable position of economic power".

Germany's competition authority said Tuesday it had opened an inquiry into online retail giant Amazon over potential "anti-competitive practices", using a new law giving regulators more power to rein in big tech companies.

Federal Cartel Office head Andreas Mundt said his office is examining whether Amazon has "an almost unchallengeable position of economic power" and whether it "operates across various markets".

If so, it could be deemed of "paramount significance", said Mundt, adding that the regulator could "take early action against and prohibit possible anti-competitive practices by Amazon".

"This could apply to Amazon with its online marketplaces and many other, above all digital offers," he added.

In a statement to AFP, an Amazon spokesperson said the company "cannot comment on ongoing proceedings and will fully cooperate with the FCO".

Under the amendment to Germany's competition law passed in January, the watchdog said it now has more power to "intervene earlier and more effectively" against big tech companies, rather than simply punishing them for abuses of their dominant market position.

The German reform coincided with new EU draft legislation unveiled in December aimed at curbing the power of the internet behemoths that could shake up the way Silicon Valley can operate in the 27-nation bloc.

The push to tighten legislation comes as big tech companies are facing increasing scrutiny around the globe, including in the United States, where Google and Facebook are facing antitrust suits.

The Amazon probe is only the second time that Germany's Federal Cartel Office has made use of its new powers, after first employing them to widen the scope of an investigation into Facebook over its integration of virtual reality headsets.

The watchdog already has two traditional abuse control proceedings open against Amazon.

One involves the company's use of algorithms to influence the pricing of third-party sellers on Amazon Marketplace, while another is probing the extent to which Amazon and major producers such as Apple exclude third parties from selling brand products.

Legal battles

Amazon says it employs 23,000 people in Germany and has invested 28 billion euros (34.2 billion dollars) in the country since 2010.

"We continue to focus on innovating for both our customers and the businesses in Germany that sell in our store," a company spokesperson told AFP.

Yet amid fears that its monopoly of online retail is strangling smaller businesses and pushing bricks-and-mortar stores to extinction, the company has faced a raft of legal challenges in recent years.

In February, a German court ruled that Amazon must list the country or place of origin of fruit and vegetables it sells online, in a landmark victory for consumer rights groups.

Yet the retail giant has also scored crucial legal victories of its own, most notably in a battle with the EU over tax.

Last week, an EU court annulled an order from the bloc's powerful antitrust authority that Luxembourg recoup 250 million euros (\$295 million) in back taxes.

Germany and France have also joined calls from the United States to

impose a global minimum corporate tax of 21 percent, a move which targets huge multinationals like Amazon and Google.

Critics have repeatedly warned that many of the world's biggest companies use tax havens or used loopholes little to no tax, far less than some individuals.

"People are fed up with big companies for not paying their fair share of taxes," French Finance Minister Bruno Le Maire told Die Zeit weekly in April.

© 2021 AFP

Citation: Germany opens antitrust probe into Amazon with tougher law (2021, May 18) retrieved 30 September 2023 from <https://techxplore.com/news/2021-05-germany-antitrust-probe-amazon-tougher.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.