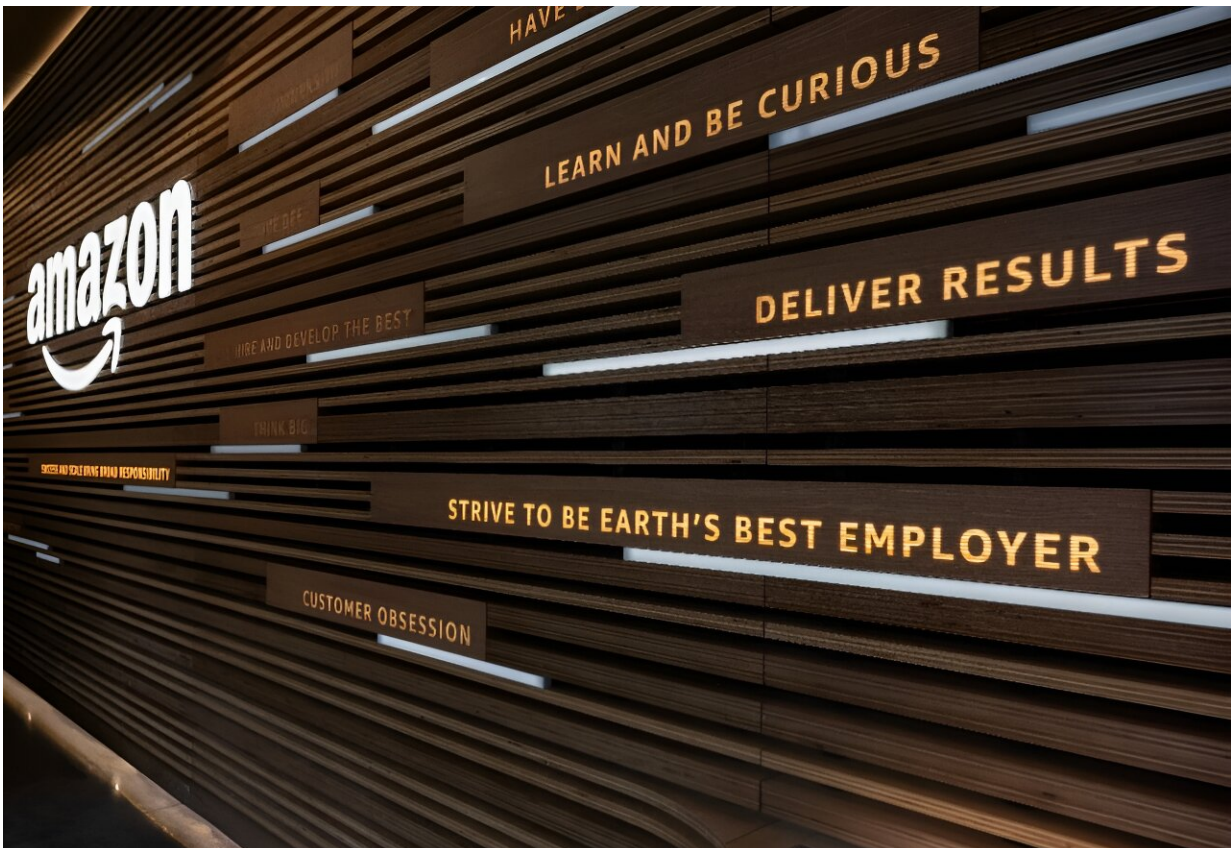


US says Amazon running illegal monopoly in online retail

September 26 2023, by Alex PIGMAN



The highly anticipated lawsuit is another test for the Biden administration as it tries to curb the power of big tech in the face of skepticism from US courtrooms.

A top US antitrust regulator sued Amazon on Tuesday, accusing the

online retail behemoth of running an illegal monopoly by strong-arming sellers and stifling potential rivals.

The highly anticipated lawsuit is another test for the Biden administration as it tries to curb the power of big tech in the face of pushback from US courtrooms.

"Our complaint lays out how Amazon has used a set of punitive and coercive tactics to unlawfully maintain its monopolies," said Federal Trade Commission Chair Lina Khan.

The FTC, which was joined by 17 US states in the case, said Amazon broke antitrust laws in two ways, both involving its "marketplace" which links outside sellers to buyers through its platforms.

In the first instance, the case alleges Amazon punishes companies using its platform that sell items elsewhere at lower prices by downranking their products on the site.

It also coerces sellers into signing on to Amazon's "costly" logistics service in order to be exposed to Prime customers that are the site's biggest and most catered-to users, the FTC said.

"Amazon is a monopolist that uses its power to hike prices on American shoppers and charge sky-high fees on hundreds of thousands of online sellers," said John Newman, Deputy Director of the FTC's Bureau of Competition.

"Seldom in the history of US antitrust law has one case had the potential to do so much good for so many people," he added.

Amazon said it firmly rejected the premise of the case.

"Today's suit makes clear the FTC's focus has radically departed from its mission of protecting consumers and competition," said David Zapolsky, Amazon Senior Vice President of Global Public Policy.

"The lawsuit filed by the FTC today is wrong on the facts and the law, and we look forward to making that case in court," he added.

Small business groups backing the case, hailed the lawsuit.

'Utterly dominated'

"Ecommerce should be a dynamic sector with numerous marketplaces vying to attract both sellers and shoppers. Instead, it's utterly dominated by a single firm," said Stacy Mitchell, Co-Executive Director of the Institute for Local Self-Reliance.

The FTC has had Amazon in its sights for a few years.

Last June, the FTC filed a complaint against Amazon for "entrapping consumers" with its Prime subscription, which renews automatically and is complicated to cancel.

The FTC has also attacked the group over its respect for data confidentiality, and last May Amazon agreed to pay more than \$30 million over allegations of snooping on its security camera Ring.

The case is hugely symbolic for Khan, who made her name in academia for questioning whether antitrust laws were fit for purpose in the digital age in a paper titled "Amazon's Antitrust Paradox".

Her celebrated paper was a retort to a seminal work by conservative scholar Robert Bork that said enforcers of fair competition should stand down unless a clear risk of higher prices and a threat to consumers could

be proven.

Written in the 1970s, that philosophy guided the government's attitudes and influenced the judges deciding the biggest cases today.

But US President Joe Biden in 2021 picked Khan to lead the agency in charge of safeguarding the interest of consumers and preserving a level playing field for businesses.

That year Amazon unsuccessfully submitted a complaint to the FTC, asking it to ensure that Khan did not deal with antitrust matters concerning it, criticizing her for a lack of impartiality.

Her track record since taking over the FTC has been checkered after a series of court defeats sowed doubt that she will put an end to decades of Washington's light-touch approach to antitrust regulation.

In July, Khan was handed her latest loss when a federal court threw out her agency's objection to Microsoft's \$69 billion buyout of video game giant Activision.

She had suffered an earlier defeat in the same San Francisco courtroom, when a judge said the FTC's opposition to Facebook-owner Meta buying Within, a VR software company, was out of bounds.

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