

# Amazon hit with antitrust suit in US capital city

25 May 2021, by Rob Lever



Amazon is accused of abusing its dominance of online retail sales, harming consumers, in a lawsuit filed by the District of Columbia.

Amazon was hit Tuesday with an antitrust suit from the US capital city Washington, claiming the tech giant abuses its dominant position in online retail sales, harming consumers.

The suit filed by the office of Attorney General Karl Racine alleges that Amazon's control of 50 to 70 percent of US e-commerce sales results in higher consumer prices.

"Amazon's online retail sales platform benefits from, and is protected by, Amazon's anticompetitive business practices," said the suit filed in District of Columbia superior court.

"Far from enabling consumers to obtain the best products at the lowest prices, Amazon instead causes prices across the entire online retail sales market to be artificially inflated, both for products sold on Amazon's online retail sales platform and on its competitors' online retail sales platforms."

Amazon has long claimed it delivers lower prices

for consumers, and speeds up delivery in the process.

"The DC Attorney General has it exactly backwards—sellers set their own prices for the products they offer in our store," Amazon said in response to an AFP inquiry.

"Amazon takes pride in the fact that we offer low prices across the broadest selection, and like any store we reserve the right not to highlight offers to customers that are not priced competitively."

The lawsuit could force Amazon to feature higher prices on its e-commerce platform in an outcome that would be at odds with antitrust law, according to the Seattle-based company.



Washington, DC Attorney General Karl Racine speaks after a news conference in 2019 in which state officials announced an antitrust suit against Google.

## Big Tech scrutiny

The lawsuit comes amid heightened scrutiny of large tech platforms which have increased their dominance during the pandemic.

US state and federal antitrust enforcers last year filed suits targeting Facebook and Google alleging illegal dominance of their respective markets.

Racine's lawsuit seeks to stop Amazon from "anticompetitive" practices and calls for damages and other penalties.

According to the research firm eMarketer, Amazon's share of US e-commerce was 39.8 percent in 2020 and was expected to increase to 44.1 percent this year, representing \$367.19 billion, with growth larger than that of any other company.

According to the lawsuit, Amazon uses practices that prevent third-party sellers on its platform from offering their products at lower prices on rival websites.

Until 2019, Amazon required sellers to sign a "price parity" agreement that prevented them from selling at lower prices, which "artificially raised the price of goods to consumers across the online retail sales market."

The complaint said Amazon ended this practice in 2019 under pressure from Congress and regulations but implemented "an effectively-identical substitute," which allows Amazon to impose sanctions on sellers which offer lower prices elsewhere.

Amazon in the first three months of the year reported a profit of \$8.1 billion, triple the amount from a year earlier, amid soaring sales during the pandemic.

The company founded by Jeff Bezos, one of the world's richest people, has grown from modest beginnings as an online bookseller to a behemoth in e-commerce, cloud computing, artificial intelligence, streaming media, groceries and more.

© 2021 AFP

APA citation: Amazon hit with antitrust suit in US capital city (2021, May 25) retrieved 2 December 2021 from <https://techxplore.com/news/2021-05-washington-dc-sues-amazon-e-commerce.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.*