

EU Opens Amazon Antitrust Investigation

Written by Frederick Douglas
23 July 2019

The European Commission (EC) opens a formal antitrust investigation in Amazon-- one set to determine whether the use of sensitive data from independent retailers by the the online retail giant represents a breach of EU competition rules.



"European consumers are increasingly shopping online. E-commerce has boosted retail competition and brought more choice and better prices. We need to ensure that large online platforms don't eliminate these benefits through anti-competitive behaviour," commissioner in charge of competition policy Margrethe Vestager says. "I have therefore decided to take a very close look at Amazon's business practices and its dual role as marketplace and retailer, to assess its compliance with EU competition rules."

While Amazon is, of course, best known as the online retail giant, it also provides a marketplace for independent sellers wanting to sell products directly to consumers. Amazon continuously collects data of the activity taking place on its platform and, according to preliminary fact-finding by the EC, Amazon appears to competitively use sensitive information about marketplace sellers, products and transactions taking place.

Thus, the investigation will look into the standard agreements between Amazon and marketplace sellers to determine how Amazon uses accumulated marketplace seller data, and whether the use of said data affects competition. One use of the data is the selection of winners of the "Buy Box." Displayed prominently on Amazon, the "Buy Box" allows customers to add items from a specific retailer directly into the shopping cart, and the "vast majority" of transactions are done through it. As such, it comes to no surprise that winning the coveted position appears key for marketplace sellers.

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If proven, the practices under investigation represent breach of EU rules on anticompetitive agreements between companies and/or the abuse of a dominant position. The investigation has no legal deadline, and its duration depends on the complexity of the case and the extent Amazon cooperates with the EC.

If found guilty, Amazon faces fines reaching up to 10% of global turnover. It will also be forced to bring changes to business practices.

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